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If you have sold or transferred all your shares in Shanghai Fudan Microelectronics Group Company Limited, you should at once had this circular and the accompanying confirmation slip and form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

- (1) STRATEGIC ALLOTMENT UNDER THE A SHARE
OFFERING TO CONNECTED PERSONS;
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION (DRAFT);
(3) PROPOSED AMENDMENTS TO CORPORATE GOVERNANCE RULES;
AND
(4) NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders
Amasse Capital Limited**

AMASSE CAPITAL
寶 積 資 本

The notice convening the EGM to be held at Building 4, Lane 127, Guotai Road, Shanghai, the People's Republic of China on Monday, 5 July 2021 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fms.hk). Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for convening the EGM.

15 June 2021

* For identification purpose only

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DEFINITIONS

“Articles of Association”	the articles of association of the Company
“A Share(s)”	the ordinary share(s) of nominal value of RMB0.1 each in the share capital of the Company to be allotted, issued and listed on the Sci-Tech Innovation Board
“A Share Offering”	the proposed initial public offering of not more than 120,000,000 A Shares with a nominal value of RMB0.1 each, which will be listed on the Sci-Tech Innovation Board
“Board”	the board of Directors
“Company”	上海復旦微電子集團股份有限公司 (Shanghai Fudan Microelectronics Group Company Limited*), a joint stock limited company incorporated in the PRC and whose H shares are listed on the main board of the Stock Exchange
“Company Law”	the Company Law of the People’s Republic of China
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Directors”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.10 each in the capital of the Company which are subscribed for in RMB
“EGM”	the extraordinary general meeting of the Company to be held at Building 4, Lane 127, Guotai Road, Shanghai, the PRC on Monday, 5 July 2021 at 10:00 a.m.
“Group”	the Company and its subsidiaries
“H Share(s)”	foreign invested share(s) of nominal value of RMB0.10 each in the capital of the Company which are listed on main board of the Stock Exchange and subscribed for in HK\$
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, namely Mr. Guo Li, Mr. Cao Zhongyong, Mr. Cai Minyong and Mr. Wang Pin, established for the purpose of advising the Independent Shareholders in relation to the Strategic Allotment under the A Share Offering to the connected persons
“Independent Financial Adviser” or “Amasse Capital”	Amasse Capital Limited is registered with Securities and Futures Commission in Hong Kong as a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of The Laws of Hong Kong) to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and was appointed as the independent financial adviser of the Company to provide advice to the Independent Board Committee and Independent Shareholders in relation to the Strategic Allotment under the A Share Offering to the connected persons
“Independent Shareholders”	Shareholders other than Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Diao Linshan, Mr. Zeng Shaobin, Ms. Zhang Yanfeng, Ms. Fang Jing, Mr. Shi Jin and Mr. Huang Xinyue, who are not required to abstain from voting on the resolution in relation to the Strategic Allotment under the A Share Offering to the connected persons to be considered and approved at the EGM
“IPO”	the Company’s initial public offering of A shares and listing on the Sci- Tech Innovation Board
“Latest Practicable Date”	10 June 2021 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participant(s)”	the participants who will participate in the Strategic Allotment under the A Share Offering in accordance with the Strategic Allotment Plan
“PRC”	The People’s Republic of China, for the purpose of this circular, excluding the regions of Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Cap.571) of The Laws of Hong Kong

DEFINITIONS

“Sci-Tech Innovation Board”	the Sci-Tech Innovation Board of the Shanghai Stock Exchange
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	registered holder(s) of the Domestic Shares and H Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Allotment under the A Share Offering”	the strategic allotment of not more than 10% of the total number of A Shares under the proposed A Share Offering, representing the offering of not more than 12,000,000 A Shares to the Participants by the Company under the Strategic Allotment Plan
“Strategic Allotment Plan”	the strategic allotment plan formulated by the Company for its senior management and core employees, which has come into effect after being approved at the Board meeting held by the Company on 18 May 2021
“Supervisor(s)”	the supervisor(s) of the Company
“%”	Percent.

LETTER FROM THE BOARD



FUDAN
MICRO

上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

Executive Directors:

Mr. Jiang Guoxing (*Chairman*)
Mr. Shi Lei (*Managing Director*)
Mr. Yu Jun (*Deputy Managing Director*)
Ms. Cheng Junxia

Non-executive Directors:

Ms. Zhang Qianling
Mr. Ma Zhicheng
Ms. Zhang Huajing
Mr. Wu Ping

Independent non-executive Directors:

Mr. Guo Li
Mr. Cao Zhongyong
Mr. Cai Mingyong
Mr. Wang Pin

Registered Office:

No.220 Handan Road
Shanghai
The PRC

Principal Place of Business:

In the PRC:
Building 4, Lane 127, Guotai Road
Shanghai, the PRC

In Hong Kong:

Flat 6, 5/F., East Ocean Centre
98 Granville Road
Tsimshatsui East
Kowloon
Hong Kong

Dear Sir or Madam:

**(1) STRATEGIC ALLOTMENT UNDER THE A SHARE
OFFERING TO THE CONNECTED PERSONS;
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION (DRAFT);
(3) PROPOSED AMENDMENTS TO CORPORATE GOVERNANCE RULES;
AND
(4) NOTICE OF EGM**

INTRODUCTION

The purpose of this circular is to provide you with the resolutions to be proposed at the EGM: (i) Strategic Allotment under the A Share Offering to the connected persons; (ii) amendments to the Articles of Association (Draft); (iii) amendments to the corporate governance rules; and (iv) to give you notice of EGM.

* For identification purpose only

LETTER FROM THE BOARD

A. STRATEGIC ALLOTMENT UNDER THE A SHARE OFFERING TO THE CONNECTED PERSONS

Reference is made to the announcement of the Company dated 18 May 2021 in relation to the connected transactions of Strategic Allotment under the A Share Offering to the connected persons. Further references are made to the announcements of the Company dated 1 March 2019, 17 April 2019, 16 April 2020, 28 August 2020, 4 October 2020, 8 January 2021, 1 March 2021, 24 March 2021, 29 April 2021, 18 May 2021, 21 May 2021 and 2 June 2021, and the circulars of the Company dated 17 April 2019, 16 April 2020, 28 August 2020 and 29 April 2021, containing, among others, matters relating to the proposed initial public A Share Offering and listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange, inside information, overseas regulatory announcement, the acceptance of the application of proposed A Share Offering by the Shanghai Stock Exchange and the proposed A Share Offering considered and approved by the Listing Committee of the Sci-Tech Innovation Board of the Shanghai Stock Exchange.

In accordance with the Company Law, the Implementation Measures for Issue and Underwriting of Shares on the Sci-Tech Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷實施辦法》), the Guidelines for Issue and Underwriting of Shares on the Sci-Tech Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷業務指引》) and the provisions of other relevant laws, regulations and regulatory documents, and the Articles of the Company, the Company formulated the Strategic Allotment Plan. The Participants of the Strategic Allotment Plan shall be certain of the senior management and core employees of the Group, who may participate in the Strategic Allotment under the A Share Offering in accordance with the Strategic Allotment Plan to subscribe for the approved number of A Shares upon the consideration and approval by the Board meeting and/or the general meeting of the Company (as the case may be). The Strategic Allotment Plan has come into force after being considered and approved at the Board meeting held by the Company on 18 May 2021. Pursuant to the Strategic Allotment Plan, the Company may allot not more than 12,000,000 A Shares to certain senior management and core employees of the Group under the A Share Offering. As certain connected persons of the Company (being the directors and/or supervisors and/or chief executives of the Company and/or its subsidiaries) intended to participate in the Strategic Allotment under the A Share Offering in accordance with the Strategic Allotment Plan, the subscription of A Shares by the abovementioned connected persons constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Details of the Strategic Allotment Plan are set out as follows:

(i) *Participants*

The Participants of the Strategic Allotment Plan are mainly the senior management and core employees who are essential to the improvement of sustainable development ability of the Group and the achievement of the strategic targets. Such persons have certain extent of direct influence over the Group's operating results and competitiveness and will participate in this plan on a voluntary basis.

The list of Participants under the Strategic Allotment Plan and the number and/or the entitlement of A Shares to be allotted to them shall be considered and approved by the Board. The number and/or the entitlement of A Shares to be allotted to the connected persons who

LETTER FROM THE BOARD

will participate in the Strategic Allotment Plan shall be considered and approved at the general meeting of the Company in accordance with the Listing Rules, and if it fails to be approved by Independent Shareholders, such portion of the number and/or the entitlement of A Shares to be allotted to such connected persons may be adjusted to other Participants who are not connected persons by the Board or its authorized persons.

Participants	Maximum number of A Shares to be allotted (0'000)	Approximate percentage of the number of A Shares under the Strategic Allotment Plan	Approximate percentage of the number of Shares under the A Share Offering
<i>Connected persons</i>			
Jiang Guoxing (executive Director and chairman of the Board)	160	13.33	1.33
Shi Lei (executive Director and managing director)	160	13.33	1.33
Yu Jun (executive Director and deputy managing Director)	140	11.67	1.17
Cheng Junxia (executive Director and Chief Engineer)	70	5.83	0.58
Zhang Yanfeng (staff representative Supervisor)	70	5.83	0.58
Diao Linshan (director of subsidiary)	70	5.83	0.58
Zeng Shaobin (director of subsidiary)	70	5.83	0.58
Fang Jing (chief finance officer and director of subsidiary)	70	5.83	0.58
Shi Jin (director of subsidiary)	30	2.50	0.25
Huang Xinyue (managing director of subsidiary)	30	2.50	0.25
Subtotal	870	72.50	7.25
Other senior management and core employees of the Group	330	27.50	2.75
Total	<u>1,200</u>	<u>100.00</u>	<u>10.00</u>

Note: Due to the round-up of decimal points, the total numbers in the above table may slightly differ from the calculation results of the relevant units of data.

LETTER FROM THE BOARD

In selecting the Participants and including the connected persons, the Board has considered all the key functions of the Group, comprising research and development, manufacturing, management, finance, administration and marketing, which are indispensable to the Group's operations and future development.

In determining the number and/or entitlements of A Shares to be allotted to the Participants, the Board has set out three groups of Participants with different entitlements based on their roles and functions, contributions and work performance: i) 45% of the number of A Shares under the Strategic Allotment Plan to be equally shared by the executive Directors. The maximum number of A Shares to be allotted to any single Participant in this group shall not exceed 1,800,000 A Shares or 15% of the number of A Shares under the Strategic Allotment Plan; ii) 30% of the number of A Shares under the Strategic Allotment Plan to be equally shared by the senior management of the Group. The maximum number of A Shares to be allotted to any single Participant in this group shall not exceed 720,000 A Shares or 6% of the number of A Shares under the Strategic Allotment Plan; and iii) 25% of the number of A Shares under the Strategic Allotment Plan to be equally shared by the core employees. The maximum number of A Shares to be allotted to any single Participant in this group shall not exceed 300,000 A Shares or 2.5% of the number of A Shares under the Strategic Allotment Plan. Unsubscribed entitlements will be shared by other Participants within the group.

The total entitlements of A Shares to be allotted to the connected persons are 8,700,000 A Shares, representing 72.5% of the number of A Shares under the Strategic Allotment Plan and 7.25% of the number of A Shares under the A Share Offering.

(ii) Allotment of shares

The A Shares under the Strategic Allotment Plan shall be the ordinary shares with a nominal value of RMB0.1 each in the share capital of the Company to be allotted and issued under the A Share Offering. Such ordinary shares (A Shares) will be listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange.

(iii) Number of A Shares for subscription

The total number of A Shares for subscription under the Strategic Allotment Plan shall not exceed 10% of the number of the A Share Offering, i.e. not more than 12,000,000 A Shares.

(iv) Subscription price

The subscription price of the A Shares to be allotted under the Strategic Allotment Plan shall be identical to the offering price under the proposed A Share Offering, and will be paid by the Participants with their own or self-raised funds.

LETTER FROM THE BOARD

According to the Implementation Measures for Sci-Tech Innovation Board, the price of the A Share Offering will be determined through consultation with professional institutional investors including securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private equity fund managers. The Company and the lead underwriter may then determine the price of A Share Offering after the initial consultation or through a book-building exercise after an offering price range has been determined from the initial consultation.

The issuer and the lead underwriter may determine the offering price through initial consultation, or determine the offering price through a book-building exercise after determining the interval of the offering price by initial consultation. The offering price shall, in any event, not lower than the latest audited net asset value per share prior to the proposed A Share Offering. Based on the audited consolidated financial statements of the Company for the year ended 31 December 2020 as prepared in accordance with the Chinese Accounting Standards for Business Enterprises, the net asset value of the Company as at 31 December 2020 and the total number of issued Shares as at the Latest Practicable Date, the audited net asset value per Share was approximately RMB2.78 as of 31 December 2020. Based on the results of the initial consultation, the Board will fully consider, among other things, the following factors when determining the offering price: (i) the operational and financial conditions of the Company at that time; (ii) valuation of comparable companies; (iii) market situation of A shares at that time; (iv) share price of the Company's H Shares at that time; and (v) requirements of applicable laws and regulations. For the pricing methodology and other details of A Share Offering, please refer to the Company's announcements dated 1 March 2019, 17 April 2019, 16 April 2020, 28 August 2020, 4 October 2020, 8 January 2021, 1 March 2021, 24 March 2021, 29 April 2021, 21 May 2021 and 2 June 2021 the circulars dated 17 April 2019, 16 April 2020, 28 August 2020 and 29 April 2021.

(v) *Means of implementation*

As at the Latest Practicable Date, no agreement has been entered into between the Company and the Participants. The Company intends to enter into strategic allotment agreements with the Participants during A Share Offering in compliance with relevant laws, regulatory documents and PRC market practices, as and when applicable. The Participants will participate in the Strategic Allotment under the A Share Offering through the establishment of a special assets management plan. Relevant matters in relation to the participation in the Strategic Allotment Plan by the Participants shall be determined, handled and implemented by the Board or its authorized person(s) in accordance with the relevant laws, regulations and regulatory documents, and applicable requirements of the CSRC, the Shanghai Stock Exchange and the Stock Exchange.

(vi) *Lock-up period*

The lock-up period of A Shares to be allotted under the Strategic Allotment Plan shall be not less than 12 months (as calculated from the date of listing of A Shares). Except as specified in the Strategic Allotment Plan, the Participants shall not withdraw from the special assets management plan or transfer their entitlements under the special assets management plan

LETTER FROM THE BOARD

within the lock-up period. Upon the expiry of the lock-up period, the administrator of the special assets management plan will timely arrange the disposal of such Shares in accordance with relevant agreements or regulations.

(vii) Validity period

The Strategic Allotment Plan shall take effect upon the consideration and approval at the Board meeting, and shall be implemented at the time of the A Share Offering. If the Company's application of the A Share Offering fails to obtain the approval from relevant regulatory authorities, the Strategic Allotment Plan shall be terminated immediately.

Other information relating to the Strategic Allotment under the A Share Offering to connected persons

Impact of Strategic Allotment to the shareholding structure of the Company

The Company currently has 410,172,000 Domestic Shares in issue and will be converted into A Shares on the date of completion of the A Share Offering. Assuming that all of the 120,000,000,000 A Shares under the A Share Offering are approved to be issued, among which no more than 12,000,000 A Shares are issued to connected persons, and no less than 108,000,0000 A Shares are issued to the public, and the issued share capital of the Company remains unchanged before the completion of the A Share Offering, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the A Share Offering will be as follows:

	As at the Latest Practicable Date		Immediately after the completion of the A Share Offering	
	Number of Shares	Approximate percentage of issued share capital of the Company	Number of Shares	Approximate percentage of issued share capital of the Company
Domestic Shares	410,172,000	59.06%	-	-
A Shares (at maximum):				
Domestic Shares in issue to be converted to A Shares	-	-	<u>410,172,000</u>	<u>50.36%</u>
A Shares to be newly issued under A Shares Offering:				
a) Strategic Allotment to connected persons	-	-	12,000,000	1.47%

LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately after the completion of the A Share Offering	
	Number of Shares	Approximate percentage of issued share capital of the Company	Number of Shares	Approximate percentage of issued share capital of the Company
b) A Shares held by public (at minimum)	-	-	<u>108,000,000</u>	<u>13.26%</u>
			<u>120,000,000</u>	<u>14.73%</u>
Sub-total	-	-	<u>530,172,000</u>	<u>65.09%</u>
H Shares*	<u>284,330,000</u>	<u>40.94%</u>	<u>284,330,000</u>	<u>34.91%</u>
Total	<u><u>694,502,000</u></u>	<u><u>100.00%</u></u>	<u><u>814,502,000</u></u>	<u><u>100.00%</u></u>

* As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, all the H Shares are held by the public.

2. Reasons for and Benefits of Strategic Allotment to the Participants

The senior management and core employees of the Company will be able to participate in the A Share Offering through the implementation of the Strategic Allotment Plan, which will be beneficial for retaining, mobilizing and motivating such persons and establishing and improving the benefit and risk sharing mechanism between them and all of the Shareholders, so as to closely tie their interests and that of the Company together and unite as one to achieve the development goals of the Company, thus enhancing the long-term development and competitiveness of the Company.

The Directors consider that the terms of the Strategic Allotment under the A Share Offering to the connected persons of the Company are on normal commercial terms and fair and reasonable, and is in the interest of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

3. Information of the Company

The Company's principal activities consist of design, development and sales of products of application-specific IC.

The Company has not conducted any fund raising activities involving the issuance of share capital within 12 months immediately preceding the the latest practicable date.

LETTER FROM THE BOARD

4. Listing Rules Implications

The participants of the Strategic Allotment Plan include the aforementioned ten persons who are the directors and/or supervisors and/or chief executives of the Company and/or its subsidiaries and therefore are the connected persons of the Company under the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the participation in the Strategic Allotment under the A Share Offering by the abovementioned connected persons according to the Strategic Allotment Plan constitutes a connected transaction of the Company and is subject to the requirements of reporting, announcement and the independent shareholders' approval under the Listing Rules.

As Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun and Ms. Cheng Junxia will participate in the Strategic Allotment under the A Share Offering, they have abstained from voting on the relevant Board resolution. Save as mentioned above, none of the other Directors has a material interest in the Strategic Allotment under the A Share Offering. As such, none of the other Directors has abstained from voting on the relevant Board resolution.

As at the last practicable date, each of Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Diao Linshan, Mr. Zeng Shaobin, Ms. Zhang Yanfeng, Ms. Fang Jing, Mr. Shi Jin and Mr. Huang Xinyue directly or indirectly holds Shares, and they will, if applicable, abstain from voting on the resolution in relation to the Strategic Allotment under the A Share Offering to the connected persons which will be considered and approved at the EGM. Save as mentioned above, the Directors confirm that, to the best of their knowledge, information and belief, none of other Shareholders is required to abstain from voting on such resolution at the EGM pursuant to the Listing Rules.

5. Independent Board Committee and Independent Financial Adviser

The Board has established Independent Board Committee which comprises of 4 independent non-executive Directors for the purpose of advising the Independent Shareholders on the Strategic Allotment under the A Share Offering to the connected persons. The letter from the Independent Board Committee is set out in page 14 to this circular. The Company has engaged Amasse Capital as the Independent Financial Adviser to provide advice to the Independent Board Committee and the Independent Shareholders on such matter, and the letter from Amasse Capital is set out in pages 15 to 32 to this circular.

B. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION (DRAFT)

Reference is made to the announcements of the Company dated 17 April 2019 and 28 August 2020 in relation to amendments to the Articles of Association (Draft) which were considered and approved in the extraordinary general meetings and class meetings of the Company, which will be effective on the date of the official listing of A Shares on the Sci-Tech Innovation Board.

Pursuant to the adoption of the relevant provisions of the "Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange", the Board proposed amendments to the Articles of Association (Draft). Details of the proposed amendments to the Articles of Association (Draft) are set out in Appendix 2 to this circular.

LETTER FROM THE BOARD

C. PROPOSED AMENDMENTS TO CORPORATE GOVERNANCE RULES

Reference is made to the announcement of the Company dated 17 April 2019 in relation to the amendments to the corporate governance rules which were considered and approved in the extraordinary general meeting of the Company, which will be effective on the date of the official listing of A Shares on the Sci-Tech Innovation Board.

Pursuant to the adoption of the relevant provisions of the “Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange”, the Board proposed amendments to the corporate governance rules. Details of the following 6 proposed amendments to the corporate governance rules are set out in the Appendix 3 to 8 to this circular:

- (i) Rules of Procedures of the General Meetings (Appendix 3);
- (ii) Rules of Procedures of the Board of Directors (Appendix 4);
- (iii) Rules of Procedures of the Supervisory Committee (Appendix 5);
- (iv) Proceeds Management System (Appendix 6);
- (v) Rules for Management of Related Party Transactions (Appendix 7); and
- (vi) The Working Rules for Independent Directors (Appendix 8).

D. EGM

Notice convening the EGM is set out in pages EGM-1 to EGM-2 to this circular.

Pursuant to the Listing Rules and in accordance with article 66 of the Articles, all of the resolutions set out in the notice of EGM will be voted by poll.

Connected persons who required to abstain from voting

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in the transaction must abstain from voting on the resolution.

As at the Latest Practicable Date which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Diao Linshan, Mr. Zeng Shaobin, Ms. Zhang Yanfeng, Ms. Fang Jing, Mr. Shi Jin and Mr. Huang Xinyue directly or indirectly holds Shares, and they will, if applicable, abstain from voting on the resolution in relation to the Strategic Allotment under the A Share Offering to the connected persons which will be considered and approved at the EGM. Save as mentioned above, the Board confirmed that, to the best of their knowledge, information and belief, none of other Shareholders is required to abstain from voting on such resolution at the EGM pursuant to the Listing Rules.

LETTER FROM THE BOARD

E. CLOSURE OF REGISTER OF MEMBERS

Pursuant to the announcement of the Company dated 18 May 2021, for the purpose of EGM, the Register of Members of the Company will be closed from 3 June 2021 to 5 July 2021 (both days inclusive) and during which no transfer of Shares will be effected. Persons who hold Shares and whose names appear on the Register of Members of the Company as at 5 July 2021 shall be entitled to attend the EGM.

F. RECOMMENDATION

After taking into account the advice provided by the Independent Financial Adviser (which sets out in pages 15 to 32 to this circular), the Independent Board Committee considered the terms in the Strategic Allotment under the A Share Offering to the connected persons are in the usual course of business of the Company, on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole. Therefore, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Strategic Allotment under the A Share Offering to the connected persons at the EGM.

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and other information which is set out in Appendix 1 of this circular.

The Directors consider that the proposals for Strategic Allotment under the A Share Offering to the connected persons, the amendments to the Articles of Association (Draft) and the corporate governance rules are in the best interests of the Company and its Shareholders and, accordingly, recommend that all Shareholders to vote in favour of the above proposed resolutions in the EGM.

G. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Jiang Guoxing
Chairman

Shanghai, the PRC, 15 June 2021

* For identification purpose only

LETTER FROM INDEPENDENT BOARD COMMITTEE



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

CONNECTED TRANSACTION PROPOSED A SHARE OFFERING – STRATEGIC ALLOTMENT TO CONNECTED PERSONS

To the Independent Shareholders

Dear Sir/Madam

We have been appointed by the Board as members to form the Independent Board Committee to advise the Independent Shareholders on the Strategic Allotment under the A Share Offering to the connected persons is fair and reasonable. Amasse Capital has been engaged as the Independent Financial Adviser to provide advice on the Strategic Allotment under the A Share Offering to the connected persons to the Independent Board Committee and the Independent shareholders.

Details of the advice on the Strategic Allotment under the A Share Offering to the connected persons are set out in the “Letter of the Board” to the circular (“Circular”) of the Company dated 15 June 2021. Unless otherwise stated, terms defined in the letter shall have the same meanings when used in the Circular.

We wish to draw your attention to the advice from Amasse Capital to the Independent Board Committee and the Independent Shareholders regarding the Strategic Allotment under the A Share Offering to the connected persons which sets out in “Letter from the Independent Financial Adviser” to the Circular. We have taken into account the advice from Amasse Capital and considered that, the terms of the Strategic Allotment under the A Share Offering to the connected persons is on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction. Therefore, we recommend the Independent Shareholders to vote in favour of the resolution to approve the Strategic Allotment under the A Share Offering to the connected persons at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

*Independent
non-executive Director*
Guo Li

*Independent
non-executive Director*
Cao Zhongyong

*Independent
non-executive Director*
Cai Minyong

*Independent
non-executive Director*
Wang Pin

15 June 2021

* For identification purpose only

LETTER FROM AMASSE CAPITAL

Set out below is the text of a letter received from Amasse Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Strategic Allotment under the A Share Offering to the connected persons of the Company, which has been prepared for the purpose of incorporation in this circular.

AMASSE CAPITAL
寶 積 資 本

15 June 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION PROPOSED A SHARE OFFERING – STRATEGIC ALLOTMENT TO CONNECTED PERSONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment under the A Share Offering to the connected persons of the Company (the “**Proposed Participation**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 15 June 2021 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

In accordance with the Company Law, the Implementation Measures for Issue and Underwriting of Shares on the Sci-Tech Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷實施辦法》) (the “**Implementation Measures**”), the Guidelines for Issue and Underwriting of Shares on the Sci-Tech Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷業務指引》) (the “**Guidelines**”) and the provisions of other relevant laws, regulations and regulatory documents, and the Articles of the Company, the Company formulated the Strategic Allotment Plan. The Participants of the Strategic Allotment Plan shall be certain of the senior management and core employees of the Group, who may participate in the Strategic Allotment under the A Share Offering in accordance with the Strategic Allotment Plan to subscribe for the approved number of A Shares upon the consideration and approval by the Board meeting and/or the general meeting of the Company (as the case may be). The Strategic Allotment Plan has come into force after being considered and approved at the Board meeting held by the Company on 18 May 2021. Pursuant to the Strategic Allotment Plan, the Company may allot not more than 12,000,000 A Shares to certain senior management and core employees of the Group under the A Share Offering.

LETTER FROM AMASSE CAPITAL

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the Strategic Allotment under the A Share Offering to the connected persons of the Company. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

LISTING RULES IMPLICATIONS

As stated in the Letter from the Board, the Participants of the Strategic Allotment Plan include, among others, Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun, Ms. Cheng Junxia, Ms. Zhang Yanfeng, Mr. Diao Linshan, Mr. Zeng Shaobin, Ms. Fang Jing, Mr. Shi Jin and Mr. Huang Xinyue (collectively, the “**Connected Participants**”), and the aforementioned ten persons serve as the directors and/or supervisors of the Company and/or its subsidiaries and therefore are the connected persons of the Company under the Listing Rules. Therefore, pursuant to Chapter 14A of the Listing Rules, the participation in the Strategic Allotment under the A Share Offering by the Connected Participants constitutes a connected transaction of the Company and is subject to the requirements of reporting, announcement and the independent shareholders’ approval under the Listing Rules.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company regarding the continuing connected transactions and revision of the annual caps (the “**Previous Appointment**”), details of which are set out in the circular of the Company dated 29 April 2021.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the Previous Appointment as well as the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, (i) the announcement of the Company dated 18 May 2021 in relation to the Strategic Allotment Plan, the the annual reports of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), for the year ended 31 December 2019 (the “**2019 Annual Report**”) and for the year ended 31 December 2020 (the “**2020 Annual Report**”) in relation to the information of the Group; (ii) the information contained or referred to in the Circular; and (iii) relevant public information. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We

LETTER FROM AMASSE CAPITAL

have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Proposed Participation. We have reviewed and discussed with the Company on the information provided as well as sought and received confirmation from the Management that all information and representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and as at the Latest Practicable Date. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Proposed Participation or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Strategic Allotment under the A Share Offering and the transactions contemplated thereunder. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM AMASSE CAPITAL

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons.

1. Background information of the group

The Company's principal activities consist of design, developing and selling products of application-specific IC.

Set out below is a summary of the financial information of the Group as extracted from 2018 Annual Report, 2019 Annual Report and the 2020 Annual Report, details of which are as follows:

	For the year ended 31 December		
	2020	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Revenue	1,665,087	1,454,772	1,409,630
Gross profit	748,102	516,779	643,169
Profit/(Loss) after taxation for the Year	161,104	(148,961)	129,352

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Total assets	2,678,141	2,458,372
Total Liabilities	566,090	520,086
Total equity	2,112,051	1,938,286

For the year ended 31 December 2020

For the year ended 31 December 2020, the Group recorded revenue of approximately RMB1,665.09 million, representing an increase of approximately 14.46% as compared to that of approximately RMB1,454.77 million for the year ended 31 December 2019. The increase in revenue was mainly attributable to increases in sales of products other than security and identification IC chip and smart meter ASIC chips.

For the year ended 31 December 2020, the gross profit of the Group approximately RMB748.10 million, representing an increase of 44.76% as compared to that of approximately RMB516.78 million for the year ended 31 December 2019. The increase in gross profit was mainly attributable to the gross margin increased from approximately 35.5% for the year ended 31 December 2019 to approximately 44.9% for the year ended 31 December 2020, the non-volatile memory chips

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which had a relatively high gross margin as well as the programmable gate array chips products which accounted for a relative high proportion in the principle business of the Group had a substantial increase in sales.

For the year ended 31 December 2020, the net profit after taxation of the Group was approximately RMB161.10 million when compared to a net loss after taxation of the Group of approximately RMB148.96 million for the year ended 31 December 2019 due to (i) the increase in revenue; (ii) the increase in profit margin brought from the launch of new products; and (iii) the decrease in R&D expenditure.

For the year ended 31 December 2019

For the year ended 31 December 2019, the Group recorded revenue of approximately RMB1,454.77 million, representing an increase of approximately 3.20% as compared to that of approximately RMB1,409.63 million for the year ended 31 December 2018. The slightly increase in revenue mainly attributable to the sales for non-volatile memory chips recorded a slight decrease while other series of products recorded different levels of growth.

For the year ended 31 December 2019, the gross profit of the Group approximately RMB516.78 million, representing a decrease of approximately 19.65% as compared to that of approximately RMB643.17 million for the year ended 31 December 2018. The decrease in gross profit was mainly attributable to decrease in selling price and written-down of inventories.

For the year ended 31 December 2019, the net loss after taxation of the Group was approximately RMB148.96 million, when compared to the net profit after taxation of the Group of approximately RMB129.35 million for the year ended 31 December 2018 due to (i) decrease in selling price; (ii) increase in cost of sales; (iii) substantial increase in R&D expenditure.

For the year ended 31 December 2018

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB1,409.63 million, representing an increase of 0.82% as compared to that of approximately RMB1,398.23 million for the year ended 31 December 2017. The slightly increase in revenue mainly attributable to the sales for smart meter ASIC chips recorded a slight increase and the sales for non-volatile memory chips was satisfactory and recorded a considerable increase.

For the year ended 31 December 2018, the gross profit of the Group approximately RMB643.17 million, representing a decrease of 7.06% as compared to that of approximately RMB692.06 million for the year ended 31 December 2017. The decrease in gross profit was mainly attributable to decrease in price of security and identification chips which attributable to a high proportion of total turnover.

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For the year ended 31 December 2018, the net profit after taxation of the Group was approximately RMB129.35 million, representing a decrease of 43.28% as compared to that of approximately RMB228.07 million for the year ended 31 December 2017 due to (i) decrease in gross profit; and (ii) increases in selling and distribution expenses, administrative expenses and R&D expenditure.

Financial position as at 31 December 2020

The total assets of the Group was approximately RMB2,678.14 million as at 31 December 2020, representing an increase of approximately 8.94% as compared to that of approximately RMB2,458.37 million as at 31 December 2019.

The total liabilities of the Group was approximately RMB566.09 million as at 31 December 2020, representing an increase of approximately 8.84% as compared to that of approximately RMB520.09 million as at 31 December 2019.

The total equity of the Group was approximately RMB2,112.05 million as at 31 December 2020, representing an increase of approximately 8.96% as compared to that of approximately RMB1,938.29 million as at 31 December 2019.

2. The strategic allotment plan

In accordance with the Company Law, the Implementation Measures, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents, and the Articles of the Company, the Company formulated the Strategic Allotment Plan. The Participants of the Strategic Allotment Plan shall be certain of the senior management and core employees of the Group, who may participate in the Strategic Allotment under the A Share Offering in accordance with the Strategic Allotment Plan to subscribe for the approved number of A Shares upon the consideration and approval by the Board meeting and/or the general meeting of the Company (as the case may be). The Strategic Allotment Plan has come into force after being considered and approved at the Board meeting held by the Company on 18 May 2021. Pursuant to the Strategic Allotment Plan, the Company may allot not more than 12,000,000 A Shares to certain senior management and core employees of the Group under the A Share Offering.

(i) Participants

With reference to the Letter from the Board, the Participants of the Strategic Allotment Plan are mainly the senior management and core employees who are essential to the improvement of sustainable development ability of the Group and the achievement of the strategic targets. Such persons have certain extent of direct influence over the Group's operating results and competitiveness and will participate in this plan on a voluntary basis.

The list of Participants under the Strategic Allotment Plan and the number and/or the entitlement of A Shares to be allotted to them shall be considered and approved by the Board. The number and/or the entitlement of A Shares to be allotted to the Connected Participants shall be considered and approved at the general meeting of the Company in accordance with the Listing Rules,

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and if it fails to be approved by Independent Shareholders, such portion of the number and/or the entitlement of A Shares to be allotted to such connected persons may be adjusted to other Participants who are not connected persons by the Board or its authorized persons.

As stated in the Letter from the Board, the Connected Participants include Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun, Ms. Cheng Junxia, Ms. Zhang Yanfeng, Mr. Diao Linshan, Mr. Zeng Shaobin, Ms. Fang Jing, Mr. Shi Jin and Mr. Huang Xinyue.

(ii) Allotment of shares

The A Shares under the Strategic Allotment Plan shall be the ordinary shares with a nominal value of RMB0.1 each in the share capital of the Company to be allotted and issued under the A Share Offering. Such ordinary shares (A Shares) will be listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange.

(iii) Number of A Shares for subscription

The total number of A Shares for subscription under the Strategic Allotment Plan shall not exceed 10% of the number of the A Share Offering, i.e. not more than 12,000,000 A Shares.

(iv) Subscription price

The subscription price (the “**Subscription Price**”) of the A Shares to be subscribed under the Strategic Allotment Plan shall be identical to the offering price under the proposed A Share Offering, and will be paid by the Participants with their own or self-raised funds.

According to the Implementation Measures, the price of the A Share Offering will be determined through consultation with professional institutional investors including securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private equity fund managers. The Company and the lead underwriter may then determine the price of the A Share Offering through the initial consultation or through a book-building exercise after an offering price range has been determined from the initial consultation.

The Company and the lead underwriter may determine the offering price through initial consultation, or determine the offering price through a book-building exercise after determining the interval of the offering price by initial consultation. The offering price shall, in any event, not lower than the latest audited net asset value per share prior to the proposed A Share Offering. Based on the audited consolidated financial statements of the Company for the year ended 31 December 2020 as prepared in accordance with the Chinese Accounting Standards for Business Enterprises, the net asset value of the Company as at 31 December 2020 and the total number of issued Shares as at the Latest Practicable Date, the audited net asset value per Share was approximately RMB2.78 as of 31 December 2020. Based on the results of the initial consultation, the Board will fully consider, among other things, the following factors when determining the offering price: (i) the operational and financial conditions of the Company at that time; (ii) valuation of comparable companies; (iii) market situation of A shares at that time; (iv) share price of the Company’s H Shares at that time; and (v)

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requirements of applicable laws and regulations. For the pricing methodology and other details of A Share Offering, please refer to the Company's announcements dated 1 March 2019, 17 April 2019, 16 April 2020, 28 August 2020, 4 October 2020, 8 January 2021, 1 March 2021, 24 March 2021, 29 April 2021, 18 May 2021, 21 May 2021 and 2 June 2021, the circulars dated 17 April 2019, 16 April 2020, 28 August 2020 and 29 April 2021.

(v) Means of implementation

As stated in the Letter from the Board, as at the Latest Practicable Date, no agreement has been entered into between the Company and the Participants. The Company intends to enter into strategic allotment agreements with the Participants during A Share Offering in compliance with relevant laws, regulatory documents and PRC market practices, as and when applicable. The Participants will participate in the Strategic Allotment under the A Share Offering through the establishment of a special assets management plan. Relevant matters in relation to the participation in the Strategic Allotment Plan by the Participants shall be determined, handled and implemented by the Board or its authorized person(s) in accordance with the relevant laws, regulations and regulatory documents, and applicable requirements of the CSRC, the Shanghai Stock Exchange and the Stock Exchange.

(vi) Lock-up period

The lock-up period of A Shares to be allotted under the Strategic Allotment Plan shall be not less than 12 months (as calculated from the date of listing of A Shares). Except as specified in the Strategic Allotment Plan, the Participants shall not withdraw from the special assets management plan or transfer their entitlements under the special assets management plan within the lock-up period. Upon the expiry of the lock-up period, the administrator of the special assets management plan will timely arrange the disposal of such Shares in accordance with relevant agreements or regulations.

(vii) Validity period

The Strategic Allotment Plan shall take effect upon the consideration and approval at the Board meeting, and shall be implemented at the time of the A Share Offering. If the Company's application of the A Share Offering fails to obtain the approval from relevant regulatory authorities, the Strategic Allotment Plan shall be terminated immediately.

Assessment of the terms of the Strategic Allotment Plan

In assessing the terms of the Strategic Allotment Plan, we have, on a best effort basis, searched on the website of the Stock Exchange and identified an exhaustive list of strategic allotment arrangements involving listed issuers on the Stock Exchange which have listed on the Sci-Tech Innovation Board through initial public offering of A shares from 5 November 2018, being the date of the establishment of the Sci-Tech Innovation Board to the date of the Announcement (i.e. 18 May 2021), with available information relating to the participants and the size of allotment to connected persons (comprising directors, supervisors and general managers of the listed issuers and/or their subsidiaries) under such arrangements. To the best of our knowledge and endeavour, we found four companies (the "**Market Comparables**")

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which meet the said criteria and they are exhaustive as far as we are aware of. Shareholders should note that the businesses, operations and prospects of the Group are not exactly the same as the Market Comparables.

The following table sets out the terms of the strategic allotment arrangements for the Market Comparables:

	Shanghai Junshi Biosciences Co., Ltd. (stock code: 1877) (“Junshi”)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (stock code: 1349) (“FDZJ”)	Shanghai Haohai Biological Technology Co., Ltd. (stock code: 6826) (“Haohai”)	China Railway Signal & Communication Corporation Limited (stock code: 3969) (“CRSC”)
Status	Listed on the Sci-Tech Innovation Board on 15 July 2020	Listed on the Sci-Tech Innovation Board on 19 June 2020	Listed on the Sci-Tech Innovation Board on 30 October 2019	Listed on the Sci-Tech Innovation Board on 22 July 2019
Participants	Directors of Junshi (the “ Junshi Connected Participants ”), and other senior executives and core employees of Junshi There was a total of 13 participants, among which 4 were Junshi Connected Participants.	Directors of FDZJ, a director of a subsidiary of FDZJ and supervisors of FDZJ (the “ FDZJ Connected Participants ”), and other senior management and core employees of FDZJ. There was a total of 35 participants, among which 6 were FDZJ Connected Participants.	Directors and a supervisor of Haohai (the “ Haohai Connected Participants ”) and other senior management and core employees of Haohai. There was a total of 58 participants, among which 6 were Haohai Connected Participants.	Directors, supervisor and general managers of subsidiaries of CRSC (the “ CRSC Connected Participants ”), and other senior executives and core employees of CRSC. There was a total of 573 participants, among which 101 were CRSC Connected Participants.
Approximate percentage of the maximum number of A shares issued to a single participant	17.80% of the total number of A shares allotted under the strategic allotment arrangement.	8.33% of the total number of A shares allotted under the strategic allotment arrangement.	10.30% of the total number of A shares allotted under the strategic allotment arrangement.	2.70% of the total number of A shares allotted under the strategic allotment arrangement.
Source of funding	Self-owned fund	Own or self-raised fund	Self-owned fund	Self-owned fund
Source of shares	A shares issued by Junshi and listed on the Sci-Tech Innovation Board, with a nominal value of RMB1.00 each	A shares issued by FDZJ and listed on the Sci-Tech Innovation Board, with a nominal value of RMB0.1 each	A shares issued by Haohai and listed on the Sci-Tech Innovation Board, with a nominal value of RMB1.00 each	A shares issued by CRSC and listed on the Sci-Tech Innovation Board, with a nominal value of RMB1.00 each
Subscription price under strategic allotment arrangements	RMB55.5 per A share, same as the issue price under the A share offering	RMB8.95 per A share, same as the issue price under the A share offering	RMB89.23 per A share, same as the issue price under the A share offering	RMB5.85 per A share, same as the issue price under the A share offering

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	Shanghai Junshi Biosciences Co., Ltd. (stock code: 1877) (“Junshi”)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (stock code: 1349) (“FDZJ”)	Shanghai Haohai Biological Technology Co., Ltd. (stock code: 6826) (“Haohai”)	China Railway Signal & Communication Corporation Limited (stock code: 3969) (“CRSC”)
Basis for determining the issue price of the A shares	The issue price of Junshi’s A shares under the A share offering shall be determined through price inquiry with professional institutional investors (such as securities firms, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private fund managers). Junshi and the lead underwriter(s) may then determine the issue price of A Shares through the initial price inquiry or through cumulative bidding inquiry after an issue price range has been determined from the initial price inquiry.	The issue price of FDZJ’s A shares under A share offering shall be determined through market consultation with professional institutional investors including securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors or private equity fund managers, or by other methods approved by the securities regulatory authorities.	The issue price of Haohai’s A shares under A share offering shall be determined by the sponsor(s) and Haohai through preliminary enquiries or other means approved by the relevant securities regulatory authorities and the local stock exchanges of the PRC.	The issue price of CRSC’s A shares under A share offering shall be determined through preliminary inquiries made with the inquiry targets, and CRSC and the sponsor institution/the lead underwriters shall determine the final issue price through mutual negotiation based on the results of the preliminary inquiries, or by other methods as recognized by the CSRC and the Shanghai Stock Exchange at that time.
Lock-up period	12 months from the date of completion of the A share offering	12 months from the date of completion of the A share offering	12 months from the date of completion of the A share offering	12 months from the date of completion of the A share offering

Source: the website of the Stock Exchange

(i) Selection of the Connected Participants

As advised by the Management, the Participants of the Strategic Allotment Plan are mainly the senior management and core employees who are essential to the improvement of sustainable development ability of the Group and have certain extent of direct influence over the Company.

Meanwhile, the Board determined the number and/or entitlements of allotted Shares for each of the Participates with reference to their roles and functions, work performance, expected contribution, etc. With reference to the Letter from the Board, the Board has set out three groups of Participants with different entitlements based on their roles and functions, contributions and work performance: i) 45% of the number of A Shares under the Strategic Allotment Plan to be equally shared by the executive Directors. The maximum number of A Shares to be allotted to any single Participant in this group shall not exceed 1,800,000 A Shares or 15% of the number of A Shares under the Strategic Allotment Plan; ii) 30% of the

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number of A Shares under the Strategic Allotment Plan to be equally shared by the senior management of the Group. The maximum number of A Shares to be allotted to any single Participant in this group shall not exceed 720,000 A Shares or 6% of the number of A Shares under the Strategic Allotment Plan; and iii) 25% of the number of A Shares under the Strategic Allotment Plan to be equally shared by the core employees. The maximum number of A Shares to be allotted to any single Participant in this group shall not exceed 300,000 A Shares or 2.5% of the number of A Shares under the Strategic Allotment Plan. Unsubscribed entitlements will be shared by other Participants within the group.

In assessing the basis of entitlements of allotted Shares for the Connected Participants, we have reviewed the background and experience of the Connected Participants, including their positions and responsibilities in the Group, past experience and related industry background, as disclosed in the 2020 Annual Report or provided by the Company. The table below summarises the information of the Connected Participants:

Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past experience and background	Percentage of interests in the Strategic Allotment Plan
Mr. Jiang Guoxing	1998 - now	Executive Director and chairman of the Board	Overall management of the Group	Mr. Jiang was the vice chairman and general manager of Shanghai Fudan Forward Science and Technology Co., Limited, a company listed on the Shanghai Stock Exchange; the chief of the Office of Research-product Industrialization and University Enterprise Management of the Fudan University and a nonexecutive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., a company listed on the main board of the Stock Exchange.	13.33%

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Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past experience and background	Percentage of interests in the Strategic Allotment Plan
Mr. Shi Lei	1998 - now	Executive Director and managing Director	Overall management of the Group	Mr. Shi was the deputy manager in the development division of Shanghai Agricultural Investments Company and the general manager of Shanghai Pacific Commercial Trust Company Limited.	13.33%
Mr. Yu Jun	1998 - now	Executive Director and deputy managing Director	Overall management of the Group	Mr. Yu was the deputy director and tutor of the Research Institute for Integrated Circuit Designs of the Fudan University as well as the chief engineer of Shanghai Fudan High Tech Company.	11.67%
Ms. Cheng Junxia	1998 - now	Executive Director and Chief Engineer	Research and development	Ms. Cheng was a professor and a director of the Research Institute for Integrated Circuit Designs of the Fudan University and the general manager of Shanghai Fudan High Tech Company.	5.83%

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Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past experience and background	Percentage of interests in the Strategic Allotment Plan
Ms. Zhang Yanfeng	2005 - now	Employees representative supervisor	Staff representative supervisor and human resources	Ms. Zhang was a manager of the investment department of Shanghai Fudan Quantum Venture Capital Management Ltd. and a manager of the department of intellectual properties of Shanghai Foremost Group Co.,Ltd. She served as deputy general manager of Shanghai Multimedia Industrial Park Exhibition Planning and Design Co., Ltd. before joined the Group.	5.83%
Mr. Diao Linshan	1999 - now	Director of subsidiaries	Overall supervision of research and development	Mr. Diao has worked for Oxford and Cambridge International Group as assistant to general manager and Beijing Wantong Industrial Corporation Limited as deputy general manager.	5.83%

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Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past experience and background	Percentage of interests in the Strategic Allotment Plan
Mr. Zeng Shaobin	2016 - now	Director of subsidiaries	Oversees all operation of the Company's subsidiary	From 1991 to 2007, Mr. Zeng served as the supervisor of the development and reform office of the Nanyang Normal University in Henan and was a director of headmaster's office. From 2007 to 2016, he served as a director of the united front work department of Shanghai Municipal Committee and a secretary general of Shanghai Association of Enterprises with Foreign Investment. Mr. Zeng also serves as the vice president of the Shanghai Hi-tech Enterprise Association.	5.83%
Ms. Fang Jing	2003 - now	Chief finance officer and director of subsidiaries	Finance	Ms. Fang served as the deputy manager of financial planning department of Shanghai Pacific Commercial Trust Company Limited and was the chief financial officer of Shanghai Fudan Communication Co., Ltd.	5.83%

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Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past experience and background	Percentage of interests in the Strategic Allotment Plan
Mr. Shi Jin	1999 - 2002; & 2007 - now	Director of subsidiary	Overall management of subsidiary's operation	Mr. Shi was previously the director of the Research Institute of Shanghai Planning Commission, the general manager of Shanghai Industrial Investment Consultation Company, the chairman of Shanghai Industrial Investment Finance and Management Company, the deputy head of the Economics Department of Shanghai Municipal Research Institute and the chief executive of Tian You High Technology Enterprise Investment Ltd.	2.50%
Mr. Huang Xinyue	2016 - now	Managing director of subsidiary	Overall management of subsidiary's operation	Mr. Huang served as secretary to the general manager, director of the maintenance center and the head of the sales department while working in Ricoh Imaging Technology (Shanghai) Co. Ltd. Before joining the Group, Mr. Huang was a director and also the assistant to the chairman of the board of directors of Dare Technologies Global Co., Ltd.	2.50%

Source: the 2020 AR and information provided by the Company

We have reviewed the background and work experience of the Connected Participants and noted that their expertise and experience are relevant to the Group's operations, details of which are set out above. As further advised by the Management, in selecting the Participants, the Board has considered all the key functions of the Group, comprising research and

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development, manufacturing, management, finance, administration and marketing, which are indispensable to the Group's operations and future development. In view of the above, we concur with the Management's view that the Connected Participants have direct influence of certain extent in the aforesaid different aspects over the Group's operating results and future development, and that the Connected Participants meet the selection criteria of the Participants under the Strategic Allotment Plan as mentioned above.

Having considered that the aims of the implementation of the Strategic Allotment Plan is to mobilize initiative of the Group's senior management and core employees as well as establish and improve the benefit and risk sharing mechanism between them and all of the Shareholders, and the selection of the Participants are principally based on their direct influence over the Group's operating results and future development, we concur with the Company that the selection criteria are fair and reasonable.

In respect of the number and/or entitlements of allotted A Shares for the Connected Participates, we noted that the maximum number of A Shares to be allotted to any single Participant is 15% and the entitlements of allotted A Shares for Mr. Jiang Guoxing (approximately 13.33% of the number of A Shares to be allotted under the Strategic Allotment Plan), Mr. Shi Lei (approximately 13.33% of the number of A Shares to be allotted under the Strategic Allotment Plan) and Mr. Yu Jun (approximately 11.67% of the number of A Shares to be allotted under the Strategic Allotment Plan) are more than that of the other Connected Participants. Given (i) the duties and responsibilities of Mr. Jiang Guoxing, Mr. Shi Lei and Mr. Yu Jun for overseeing the overall management of the Group are of paramount importance; (ii) all of them served as Director since the incorporation of the Company; (iii) their respective entitlements of allotted A Shares under the Strategic Allotment Plan (being approximately 11.67% and approximately 13.33%) fall within the range of the maximum allotment to a single participant of the Market Comparables (i.e. ranging from approximately 2.70% to 17.80%), we are of the view that the entitlements of allotted Shares for the Connected Participates are commercially sensible, and are fair and reasonable.

(ii) Subscription price and the basis for determining the issue price of the A Shares

We have reviewed the Implementation Measures and the Guidelines, and understood that (i) the subscription price under a strategic allotment shall be same as the issue price of the A Share offering; and (ii) the issue price of the A Share offering shall be determined through consultation with professional institutional investors or by other methods approved by the securities regulatory authorities. We further noticed from the above Market Comparables that the subscription price under their respective strategic allotment arrangements and the basis for determining the issue price of their A share offerings were consistent with the aforesaid guidance under the Implementation Measures and the Guidelines.

In view of (i) the Subscription Price shall be the same as the issue price under the A Share Offering which will also be available for other independent investors under the A Share Offering; (ii) the basis for determining the issue price under the A Share Offering (i.e. the Subscription Price) is in compliance with the guidance under the Implementation Measures and consistent with those of the Market Comparables; (iii) the Subscription Price which shall be

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equal to the issue price under the A Share Offering and the issue price under the A Share Offering is expected to be not lower than the latest audited net asset value per Share prior to the A Share Offering in order to compliance with the requirements of state-owned assets supervision and administration; and (iv) the Directors cannot solely determine the Subscription Price on their own, we consider the pricing methodology in determining the Subscription Price to be fair and reasonable.

(iii) Lock-up period

We noted from the Implementation Measures that it is allowed to establish asset management plan for senior managements and core employees to participate the strategic allotment and lock-up period of such allotted A shares would be 12 months from the date of completion of an A share offering on the Sci-Tech Innovation Board. As the lock-up period under the Strategic Allotment Plan is in compliance with the guidance under the Implementation Measures and in line with those Market Comparables, we consider the lock-up period to be fair and reasonable.

Having considered the above, we are of the view that the terms of the Strategic Allotment Plan to the Connected Participants are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Reasons for and benefits of strategic allotment to the participants

With reference to the Letter from the Board, the senior management and core employees of the Company will be able to participate in the subscription under the A Share Offering through the implementation of the Strategic Allotment Plan, which will be beneficial for retaining, mobilizing and motivating such persons and establishing and improving the benefit and risk sharing mechanism between them and all of the Shareholders, so as to closely tie their interests and that of the Company together and unite as one to achieve the development goal, thus enhancing the long-term development and competitiveness of the Company.

As advised by the Management, we understand that under the Strategic Allotment Plan, the Connected Participants are who essential to the achievement of the Group's strategic targets and have certain extent of direct influence over the Group's operating results and its future development. Thus, the Strategic Allotment Plan can become a mobilizing initiative of the Connected Participants as well as establishing and improving the benefit and risk sharing mechanism between them and all of the Shareholders. As such, we concur with the Management's view that the implementation of the Strategic Allotment under the A Share Offering to the Connected Participants can tie the interests of the Connected Participants and the Company together and unite as one to develop the Company, thus enhancing the sustainability and competitiveness of the Company.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the terms of the Strategic Allotment under the A Share Offering to the Connected Participants are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Strategic Allotment under the A Share Offering to the Connected Participants, while not in the ordinary and usual

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course of business of the Group, is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolution(s) to be proposed at the EGM to approve the Strategic Allotment under the A Share Offering to the Connected Participants.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Stephen Lau
Director

Mr. Stephen Lau is a licensed person registered with the Securities and Future Commission of Hong Kong and regards as a responsible officer of Amasse Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and has over 9 years of experience in corporate finance industry.

1. DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests of the directors and supervisors of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in domestic shares of the Company:

	<u>Number of issued shares held, capacity and nature of interest</u>				Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Total	
Directors					
Mr. Jiang Guoxing	7,210,000	–	–	7,210,000	1.04
Mr. Shi Lei	7,210,000	–	–	7,210,000	1.04
	<u>14,420,000</u>	<u>–</u>	<u>–</u>	<u>14,420,000</u>	
Supervisor					
Ms. Zhang Yanfeng	<u>–</u>	<u>–</u>	<u>294,000</u>	<u>294,000</u>	<u>0.04</u>

Long positions in H shares of the Company:

	<u>Number of issued shares held, capacity and nature of interest</u>				Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Total	
Supervisor					
Ms. Zhang Yanfeng	<u>–</u>	<u>268,000</u>	<u>–</u>	<u>268,000</u>	<u>0.04</u>

Save as disclosed above, as at the Latest Practicable Date, none of the directors or supervisors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

2. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in shares of the Company:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Class of shares	Percentage of shareholding on relevant class of shares	Percentage of the Company's issued share capital
Shanghai Fudan High Tech Company ("Fudan High Tech")	(1)	Directly beneficially owned	106,730,000	Domestic shares	26.02	15.37
Shanghai Fudan Asset Management Co., Ltd. ("Fudan Asset")	(1)	Interest of corporation controlled	106,730,000	Domestic shares	26.02	15.37
Fudan University	(1)	Interest of corporation controlled	106,730,000	Domestic share	26.02	15.37
Shanghai Fudan Fukong Technology Enterprise Holdings Limited ("Fudan Fukong")	(2)	Directly beneficially owned	109,620,000	Domestic shares	26.73	15.78
Shanghai Commerce and Invest (Group) Corporation ("SCI")	(2)	Interest of corporation controlled	109,620,000	Domestic shares	26.73	15.78
Bailian Group Company Limited ("Bailian Group")	(2)	Interest of corporation controlled	109,620,000	Domestic shares	26.73	15.78
Shanghai Zhengben Corporate Management Consultant Partnership Enterprise ("Shanghai Zhengben")	(3)	Directly beneficially owned	52,167,270	Domestic shares	12.72	7.51

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Class of shares	Percentage of shareholding on relevant class of shares	Percentage of the Company's issued share capital
Shanghai Yikun Investment Consultant Partnership Enterprise ("Shanghai Yikun")	(3)	Interest of corporation controlled	66,845,110	Domestic shares	16.29	9.62
Zhang Yong	(3)	Interest of corporation controlled	66,845,110	Domestic shares	16.29	9.62
Shanghai Zhenghua Corporate Management Consultant Partnership Enterprise ("Shanghai Zhenghua")	(4)	Directly beneficially owned	34,650,000	Domestic shares	8.45	4.99
Shanghai Shanyao Industrial Limited ("Shanghai Shanyao")	(4)	Interest of corporation controlled	34,650,000	Domestic shares	8.45	4.99
Zhou Yufeng	(4)	Interest of corporation controlled	34,650,000	Domestic shares	8.45	4.99
Shanghai Guonian Corporate Management Consultant Partnership Enterprise ("Shanghai Guonian")	(5)	Directly beneficially owned	29,941,470	Domestic shares	7.30	4.31
Shanghai Danruo Investment Management Partnership Enterprise ("Shanghai Danruo")	(5)	Interest of corporation controlled	29,941,470	Domestic shares	7.30	4.31
Dazi County Dingcheng Capital Investment Limited ("Dingcheng Capital")	(5)	Interest of corporation controlled	29,941,470	Domestic shares	7.30	4.31
Beijing Zhongrong Dingxin Investment Management Limited ("Zhongrong Dingxin")	(5)	Interest of corporation controlled	29,941,470	Domestic shares	7.30	4.31
Zhongrong International Trust Limited ("Zhongrong International")	(5)	Interest of corporation controlled	29,941,470	Domestic shares	7.30	4.31

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Class of shares	Percentage of shareholding on relevant class of shares	Percentage of the Company's issued share capital
Jingwei Textile Machinery Co., Ltd. ("Jingwei Textile")	(5)	Interest of corporation controlled	29,941,470	Domestic shares	7.30	4.31
Springs China Opportunities Master Fund ("Springs China")	(6)	Directly beneficially owned	17,088,000	H shares	6.01	2.46
Springs China Limited	(6)	Interest of corporation controlled	17,088,000	H shares	6.01	2.46
Zhao Jun	(6)	Interest of corporation controlled	17,088,000	H shares	6.01	2.46

Notes:

- (1) Fudan High Tech is a state-owned enterprise wholly owned by Fudan Asset and Fudan Asset is wholly owned by Fudan University.
- (2) Bailian Group is a state-owned enterprise wholly owned by the Shanghai Municipal Government and wholly owned SCI, and SCI held 70.2% of the equity interest of Fudan Fukong. Accordingly, each of SCI and Bailian Group is deemed to be interested in Fudan Fukong Fukong's interest in the Company.
- (3) Zhang Yong held 95% of the equity interest in Shanghai Yikun, and Shanghai Yikun held 99.81% of the equity interest in Shanghai Zhengben. Accordingly, each of Shanghai Yikun and Zhang Yong is deemed to be interested in Shanghai Zhengben's interest in the Company. Shanghai Yikun and Zhang Yong further held the Company's interest through another controlled corporation.
- (4) Zhou Yufeng held 99% of the equity interest in Shanghai Shanyao, and Shanghai Shanyao held 99.79% of the equity interest in Shanghai Zhenghua. Accordingly, each of Shanghai Shanyao and Zhou Yufeng is deemed to be interested in Shanghai Zhenghua's interest in the Company.
- (5) Jingwei Textile holds 37.47% of the equity interest in Zhongrong International, Zhongrong International holds the entire equity interest in Zhongrong Dingxin, Zhongrong Dingxin holds the entire equity interest in Dingcheng Capital, Zhongrong Dingxin and Dingcheng Capital holds 99.9% and 0.01% respectively of the equity interest in Shanghai Danruo and Dingcheng Capital is the general partner thereof. Shanghai Danruo and Dingcheng holds 72.69% and 0.33% of the equity interest in Shanghai Guonian, respectively. Accordingly, each of Shanghai Danruo, Dingcheng Capital, Zhongrong Dingxin, Zhongrong International, Jingwei Textile is deemed to be interested in Shanghai Guonian's interest in the Company.
- (6) Spring China is beneficially owned by Spring China Limited, which is beneficially owned by Zhao Jun. Accordingly, each of Spring China Limited and Zhao Jun is deemed to be interested in Spring China's interest in the Company.

Save as disclosed above and the directors and supervisors of the Company, whose interests are set out in the section headed “Directors’ and supervisors’ interests in shares and underlying shares and debentures” above, as at the Latest Practicable Date, no person, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

3. DIRECTORS’ INTERESTS IN A COMPETING BUSINESS

As at the Latest Practicable Date, none of the directors of the Company had an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group (as defined in the Listing Rules).

4. DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

As at the Latest Practicable Date, no director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to the Company or any of the Company’s subsidiaries was a party.

5. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, no director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

6. NO MATERIAL ADVERSE CHANGE

As at the latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

7. EXPERT AND CONSENT

- (i) The following is the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	Qualifications
Amasse Capital Limited	registered with the Securities and Futures Commission in Hong Kong as a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of The Laws of Hong Kong) to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

- (ii) As at the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

- (iii) As at the Latest Practicable Date, the expert above did not have any direct or indirect interests in any assets which have since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (iv) The letter from the above expert is given as of the date of this circular regarding the advice provided to the Independent Board Committee and Independent Shareholders from the expert, for the purpose of incorporation in this circular.
- (v) The expert above has given its written consent to the issue of this circular and the references to its name included herein the form and context in which it appears, and has not withdrawn with copies of its letter.

8. CONTRACT OF SIGNIFICANCE

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular which are or may be material:

The Company entered into an underwriting agreement dated on 24 March 2021 with CSC Financial Co., Ltd. (as the lead of leading underwriter) and Great Wall Securities Co., Ltd. (as the joint leading underwriter) regarding the A Share Offering.

9. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Li Wing Sum, Steven who is a fellow member respectively of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (ii) The registered office of the Company is at No. 220, Handan Road, Shanghai, People's Republic of China. The place of business in Hong Kong of the Company is at Flat 6, 5/F., East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong.
- (iii) The H share registrar and transfer office is Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the place of business in Hong Kong of the Company which is at Flat 6, 5/F., East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong during normal business hours within 14 days (excluding Saturdays and Sundays) from the date of this circular:

- (i) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 14 of this circular;

- (ii) the letter from Amasse Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 32 of this circular;
- (iii) the written consent referred in note 7 of this Appendix;
- (iv) the contract mentioned in the “Contract of significance” to this Appendix; and
- (v) a copy of this circular.

This appendix 2 sets out the amended Articles of Association (Draft) which were approved in the extraordinary general meetings held on 3 June 2019 and 28 September 2020 respectively (collectively as the “Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information. The terms used herein this Appendix 2 shall have the same meanings as defined in the Articles of Association.

The English version in this Appendix 2 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Article	Before Amendments	After Amendments
1.	Article 53	<p>The shareholders’ general meeting shall exercise the following functions and powers:</p> <p>(1) to decide on the business policies and investment plans of the Company;</p> <p>(2) to elect and replace directors, <u>the procedures of which are to be published on the Company’s website</u>, and to decide on matters concerning the remuneration of directors;</p> <p>(3) <u>to elect and replace the supervisors who are to be appointed from among the non-employees’ representatives and decide on matters concerning the remuneration of supervisors;</u></p> <p>(4) to examine and approve reports of the board of directors;</p> <p>(5) to examine and approve reports of the Supervisory Committee;</p> <p>(6) to examine and approve the Company’s annual financial budget and final account proposals;</p> <p>(7) to examine and approve the Company’s plans for profit distribution and reparation for loses;</p> <p>(8) to pass resolutions concerning the increase or reduction of the Company’s registered capital;</p>	<p>The shareholders’ general meeting shall exercise the following functions and powers:</p> <p>(1) to decide on the business policies and investment plans of the Company;</p> <p>(2) to elect and replace directors <u>and supervisors who are to be appointed from among the non-employees’ representatives</u> and to decide on matters concerning the remuneration of directors <u>and supervisors;</u></p> <p>(3) to examine and approve reports of the board of directors;</p> <p>(4) to examine and approve reports of the Supervisory Committee;</p> <p>(5) to examine and approve the Company’s annual financial budget and final account proposals;</p> <p>(6) to examine and approve the Company’s plans for profit distribution and reparation for loses;</p> <p>(7) to pass resolutions concerning the increase or reduction of the Company’s registered capital <u>or repurchase its shares;</u></p> <p>(8) to pass resolutions on the issuance of bonds by the Company;</p>

No.	Article	Before Amendments	After Amendments
	<p>Article 53 (continued)</p>	<p>(9) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change of corporate form of the Company;</p> <p><u>(10) to pass resolutions on the issuance of bonds by the Company;</u></p> <p>(11) to pass resolutions on the appointment, removal or non-reappointment of accounting firms by the Company;</p> <p><u>(12) to amend the Articles of Association of the Company;</u></p> <p><u>(13) to examine motions raised by shareholder(s) singly or jointly representing 5 percent or more of the Company's voting shares;</u></p> <p><u>(14) to examine and approve the external guarantees under Article 54;</u></p> <p><u>(15) to examine the Company's purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</u></p> <p>(16) to examine and approve any changes to the use of proceeds;</p> <p>(17) to <u>review</u> share incentive plans;</p> <p><u>(18) to review connected transactions or other transaction matters which, according to the listing rules at the place where the Company's shares are listed, have to be resolved at the shareholders' general meeting;</u></p> <p><u>(19) other matters that laws, administrative regulations and the Company's Articles of Association require to be resolved by the shareholders' general meeting; and</u></p> <p><u>(20) other matters that be authorized and/or entrusted by the shareholders' general meeting.</u></p>	<p><u>(9) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change of corporate form of the Company;</u></p> <p><u>(10) to amend the Articles of Association of the Company;</u></p> <p>(11) to pass resolutions on the appointment or removal of accounting firms by the Company;</p> <p><u>(12) to examine and approve the external guarantees under Article 54;</u></p> <p><u>(13) to examine matters regarding the purchase and sales within one year by the Company of major assets which exceed 30% of the total assets of the Company at the most recent audit;</u></p> <p><u>(14) to review connected transactions or other transaction matters which, according to the listing rules at the place where the Company's shares are listed, have to be resolved at the shareholders' general meeting;</u></p> <p><u>(15) to examine and approve the guarantee provided to the associated parties;</u></p> <p>(16) to examine and approve any changes to the use of proceeds;</p> <p>(17) to <u>examine and approve</u> share incentive plans; <u>and</u></p> <p><u>(18) to consider other matters which require resolution of the shareholders in general meeting according to laws and administrative regulations or these Articles.</u></p> <p><u>The above-mentioned functions and powers of the general meeting shall not be exercised by the Board of Directors, other organizations or individuals through authorization.</u></p>

No.	Article	Before Amendments	After Amendments
2.	Article 54	<p>The following external guarantees of the Company must be reviewed and approved at the general meeting:</p> <p>(1) <u>Any guarantee to be provided after the total external guarantee provided by the Company and its controlled subsidiaries has exceeded 50% or more of the latest audited net assets;</u></p> <p>(2) <u>Any guarantee to be provided after the total external guarantee provided by the Company has exceeded 30% or more of the latest audited total assets;</u></p> <p>(3) Any guarantee to be provided to an entity whose debt equity ratio exceeds 70%;</p> <p>(4) <u>Any single guarantee the amount of which exceeds 10% of the latest audited net assets;</u></p> <p>(5) Any guarantee to be provided to the shareholders, actual controller and their associates; and</p> <p>(6) Other guarantees which are required to be approved by the Company's general meetings under the <u>laws, regulations, rules of the stock exchanges where the Company's shares are listed or the Articles of Association.</u></p>	<p>The following external guarantees of the Company must be reviewed and approved at the general meeting:</p> <p>(1) <u>any single guarantee the amount of which exceeds 10% of the latest audited net assets;</u></p> <p>(2) <u>the total amount of external guarantee offered by the Company and any of the Company's controlling subsidiaries exceeds 50% of the total assets of the Company in the most recent audit;</u></p> <p>(3) any guarantee to be provided to an entity whose debt equity ratio exceeds 70%;</p> <p>(4) <u>the amount of guarantee based on the calculation principle of accumulating amount of 12 consecutive months exceeds 30% of the total assets of the Company in the most recent audit;</u></p> <p>(5) <u>any guarantee the amount of which exceeds 50% of the company's latest audited net assets and the absolute amount of which exceeds exceeds RMB30 million for 12 consecutive months;</u></p> <p>(6) Any guarantee to be provided to the shareholders, actual controller and their associates; and</p>

No.	Article	Before Amendments	After Amendments
	Article 54 (continued)		(7) Other guarantees which are required to be approved by the Company's general meetings under the rules of the stock exchanges where the Company's shares are listed (<u>including but not limited to Chapter XIV and Chapter 14A of the Hong Kong Listing Rules</u>) or the Articles of Association.
3.	Article 56	<p>Shareholders' general meetings shall include annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' general meetings shall be convened once a year and shall be held within six months following the preceding fiscal year.</p> <p><u>The board of directors</u> shall convene an extraordinary shareholders' general meeting within two months of the occurrence of any of the following circumstances:</p> <ol style="list-style-type: none"> (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of Association of the Company; (2) the losses of the Company that have not been made up reach one-third of the total share capital of the Company; (3) at the written request of the shareholders separately or aggregately holding 10% or more of the Company's shares; (4) the board of directors considers that there is a need or the board of supervisors proposes a meeting; (5) <u>more than half of</u> the independent directors has requested to convene the meeting and approved by the board of directors; and 	<p>Shareholders' general meetings shall include annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' general meetings shall be convened once a year and shall be held within six months following the preceding fiscal year.</p> <p><u>Company</u> shall convene an extraordinary shareholders' general meeting within two months of the occurrence of any of the following circumstances:</p> <ol style="list-style-type: none"> (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of Association of the Company; (2) the losses of the Company that have not been made up reach one-third of the total share capital of the Company; (3) at the written request of the shareholders separately or aggregately holding 10% or more of the Company's shares; <u>the shares held by the shareholder shall be calculated according to the number of shares held by the shareholder at the close of the trading day on which the written request is made or on the trading day preceding (if the written request is made on a non-trading day);</u> (4) the board of directors considers that there is a need or the board of supervisors proposes a meeting; (5) the independent director has requested to convene the meeting and approved by the board of directors; and

No.	Article	Before Amendments	After Amendments
	Article 56 (continued)	(6) <u>In any</u> other circumstance <u>so specified in</u> laws <u>and</u> regulations, <u>the listing rules of the place where the Company's shares are listed and the Articles of Association.</u>	(6) <u>such</u> other circumstances <u>as required by</u> laws, <u>administrative</u> regulations, <u>departmental rules, the rules of Shanghai stock exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the</u> <u>Articles.</u>
4.	Article 82	<p>The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:</p> <p>(1) work reports of the board of directors and the Supervisory Committee;</p> <p>(2) plans for the distribution of profits and making up of losses drafted by the board of directors;</p> <p>(3) removal of a member of the board of directors and a non-employee supervisor, their remuneration and method of payment of their remuneration;</p> <p>(4) the Company's annual budget, final accounts, <u>balance sheet, profit statement and other financial statements;</u></p> <p>(5) the Company's annual report;</p> <p>(6) <u>appointment, dismissal or non-reappointment</u> of accounting firm; and</p> <p>(7) matters other than those required by laws, administrative regulations or the Company's Articles of Association to be passed by way of a special resolution.</p>	<p>The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:</p> <p>(1) work reports of the board of directors and the Supervisory Committee;</p> <p>(2) plans for the distribution of profits and making up of losses drafted by the board of directors;</p> <p>(3) removal of a member of the board of directors and a non-employee supervisor, their remuneration and method of payment of their remuneration;</p> <p>(4) the Company's annual budget, final accounts;</p> <p>(5) the Company's annual report;</p> <p>(6) Appointment <u>or</u> dismissal of accounting firm; and</p> <p>(7) matters other than those required by laws, administrative regulations or the Company's Articles of Association to be passed by way of a special resolution.</p>

No.	Article	Before Amendments	After Amendments
5.	Article 83	<p>The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:</p> <p>(1) increase or reduction of the Company <u>share capital and issuance of any class of shares, warrants or other similar securities;</u></p> <p>(2) <u>issuance of Company's bonds;</u></p> <p>(3) division, merger, dissolution, liquidation or change of corporate form of the Company;</p> <p>(4) amendment to the Articles of Association of the Company;</p> <p>(5) <u>other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and required to be resolved by way of a special resolution;</u></p> <p>(6) the Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company;</p> <p>(7) share options incentive schemes; and</p> <p>(8) other issues requiring adoption by special resolution pursuant to the Articles of Association and the listing rules of the place where the Company's shares are listed.</p>	<p>The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:</p> <p>(1) increase or reduction <u>of the registered capital</u> of the Company;</p> <p>(2) division, merger, dissolution, liquidation or change of corporate form of the Company;</p> <p>(3) amendment to the Articles of Association of the Company;</p> <p>(4) <u>to adjust the plans for profit distribution and making up losses of the Company;</u></p> <p>(5) the Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company;</p> <p>(6) share options incentive schemes; and</p> <p>(7) other issues requiring adoption by special resolution pursuant to the Articles of Association and the listing rules of the place where the Company's shares are listed.</p>

No.	Article	Before Amendments	After Amendments
6.	Article 121	<p>The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting; (2) to implement the resolutions of shareholders' general meetings; (3) to decide on the business plans and investment plans of the Company; (4) to formulate the proposed annual financial budgets and final accounts of the Company; (5) to formulate the plans for profit distribution and making up losses of the Company; (6) to formulate plans for the increase of reduction in the registered capital of the Company and for the issue of Company bonds; (7) to prepare plans on the Company's substantial acquisition or acquisition of the Company's shares or the Company's merger, division or dissolution or change of corporate form of the Company; (8) within the scope of authorization from the general meeting, to resolve on external investment, acquisition or disposal of assets, pledge of assets, external guarantee, entrusted wealth management or connected transactions of the Company etc.; (9) <u>to resolve on the buyback of the Company's shares under the circumstances as provided in (3), (5) and (6) of Article 24 of the Articles of Association;</u> 	<p>The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting; (2) to implement the resolutions of shareholders' general meetings; (3) to decide on the business plans and investment plans of the Company; (4) to formulate the proposed annual financial budgets and final accounts of the Company; (5) to formulate the plans for profit distribution and making up losses of the Company; (6) to formulate plans for the increase of reduction in the registered capital of the Company and for the issue of Company <u>bonds or other securities or Company's shares will be listed;</u> (7) to prepare plans on the Company's substantial acquisition or acquisition of the Company's shares or the Company's merger, division or dissolution or change of corporate form of the Company; (8) within the scope of authorization from the general meeting, to resolve on external investment, acquisition or disposal of assets, pledge of assets, external guarantee, entrusted wealth management or connected transactions of the Company etc.; (9) to decide on the <u>structure of the Board and the</u> internal management structure of the Company;

No.	Article	Before Amendments	After Amendments
	<p>Article 121 (continued)</p>	<p><u>(10)</u> to decide on the internal management structure of the Company;</p> <p><u>(11)</u> <u>To appoint or dismiss the Company’s general manager; to appoint or dismiss the Company’s vice president, chief financial officer and other senior executives as nominated by the general manager and determine their remunerations;</u></p> <p><u>(12)</u> to work out the basic management system of the Company;</p> <p><u>(13)</u> to formulate the plan for any amendment to the Articles of Association;</p> <p><u>(14)</u> manage information disclosure of the Company;</p> <p><u>(15)</u> propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p><u>(16)</u> listen to the work report of the general managers and inspect the tasks managed by the general managers;</p> <p><u>(17)</u> To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the place where the Company’s shares are listed or conferred by the general meetings and the Articles of Association.</p>	<p><u>(10)</u> <u>to appoint or renew the manager of Company and the secretary to the board of directors, appoint or renew the personnel in charge of financial affairs and other senior management staffs proposed by the manager; to decide on the candidates for directors and supervisors of wholly-owned subsidiaries and recommend candidates for directors and supervisors of shareholding or joint-stock subsidiaries;</u></p> <p><u>(11)</u> <u>to decide on the remuneration and payment methods of the manager, financial director and other senior management staffs of Company;</u></p> <p><u>(12)</u> <u>to formulate remuneration and allowance standards and rewards for directors and supervisors of Company;</u></p> <p><u>(13)</u> to work out the basic management system of the Company;</p> <p><u>(14)</u> to formulate the plan for any amendment to the Articles of Association;</p> <p><u>(15)</u> <u>to manage information disclosure of the Company;</u></p> <p><u>(16)</u> <u>to manage the internal report of material information of the company;</u></p> <p><u>(17)</u> <u>to manage the registration of Company’s insider;</u></p>

No.	Article	Before Amendments	After Amendments
	<p>Article 121 (continued)</p>	<p>Unless the relevant laws and regulations, these Articles or any other internal systems of the Company stipulate otherwise, resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of a simple majority of the directors other than the resolutions on matters referred to in items (6), (7) and <u>(13)</u>, which shall require the affirmative vote of more than two-thirds of the directors. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the listing rules of the place where the Company's shares are listed, the Articles of Association and resolutions of general meetings.</p>	<p><u>(18)</u> propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p><u>(19)</u> listen to the work report of the general managers and inspect the tasks managed by the general managers;</p> <p><u>(20)</u> To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the place where the Company's shares are listed or conferred by the general meetings and the Articles of Association.</p> <p>Unless the relevant laws and regulations, these Articles or any other internal systems of the Company stipulate otherwise, resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of a simple majority of the directors other than the resolutions on matters referred to in items (6), (7), <u>(14)</u> and <u>(20)</u>, which shall require the affirmative vote of more than two-thirds of the directors. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the listing rules of the place where the Company's shares are listed, the Articles of Association and resolutions of general meetings.</p>

No.	Article	Before Amendments	After Amendments
7.	Article 125	<p>The chairman of the board shall exercise the following functions and powers:</p> <ul style="list-style-type: none"> (1) to preside over general meetings and to convene and preside over board meetings; (2) to examine the implementation of the resolutions of the Board; (3) <u>to sign the securities certificates issued by the Company; and</u> (4) to exercise other functions and powers conferred by the Board or the listing rules of the place where the Company's shares are listed. <p>If the chairman is unable to perform his duties, such duties shall be performed in proxy by the vice chairman designated by the chairman.</p>	<p>The chairman of the board shall exercise the following functions and powers:</p> <ul style="list-style-type: none"> (1) to preside over general meetings and to convene and preside over board meetings; (2) to <u>supervise and</u> examine the implementation of the resolutions of the Board; (3) <u>to sign material documents of the Board;</u> (4) <u>in the event of a force majeure event such as a huge natural disaster, exercise the special power to dispose of the company's affairs in accordance with the provisions of law and the interests of the company and report to the Board and the general meeting of shareholders afterwards;</u> (5) to exercise other functions and powers conferred by the Board or the listing rules of the place where the Company's shares are listed. <p>If the chairman is unable to perform his duties, such duties shall be performed in proxy by the vice chairman designated by the chairman.</p>
8.	Article 126	<p>Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least five days in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>	<p>Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. <u>Where the chairman is unable to or fails to perform his duties, the shareholders' general meeting shall be presided over by the director who is jointly elected by the majority of all the directors.</u> Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least five days in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>

No.	Article	Before Amendments	After Amendments
	<p>Article 126 (continued)</p>	<p><u>An extraordinary board meeting may be held, if:</u></p> <ol style="list-style-type: none"> (1) proposed by shareholders representing more than 10% of the voting rights; (2) jointly proposed by more than one-third of the directors; (3) proposed by the Supervisory Committee; (4) deemed necessary by the chairman of the Board; (5) jointly proposed by more than half of the independent directors; (6) proposed by the general manager; (7) required by the securities regulatory authorities to be held; (8) other situation as required by these Articles, the Company Law or the listing rules of the place where the Company's shares are listed. <p><u>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</u></p>	<p><u>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution, if:</u></p> <ol style="list-style-type: none"> (1) proposed by shareholders representing more than 10% of the voting rights; (2) jointly proposed by more than one-third of the directors; (3) proposed by the Supervisory Committee; (4) deemed necessary by the chairman of the Board; (5) jointly proposed by more than half of the independent directors (6) proposed by the general manager; (7) required by the securities regulatory authorities to be held; (8) other situation as required by these Articles, the Company Law or the listing rules of the place where the Company's shares are listed.

No.	Article	Before Amendments	After Amendments
9.	Article 132	<p>The secretary to the Company’s Board shall be a natural person who has the requisite professional knowledge and experience, shall be appointed or removed by the Board, and shall be accountable to the Board. The major duties of the secretary shall be:</p> <p>(1) <u>to guarantee that the Company has complete organizational documents and records;</u></p> <p>(2) <u>to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities;</u></p> <p>(3) <u>to guarantee that the Company’s register of shareholders is properly maintained and that persons entitled to relevant records and documents of the Company may obtain such relevant records and documents in a timely manner; and</u></p> <p>(4) <u>to exercise other functions and powers as conferred by the Board as well as other functions and powers as required by the place where the Company’s shares are listed.</u></p>	<p>The secretary to the Company’s Board shall be a natural person who has the requisite professional knowledge and experience, shall be appointed or removed by the Board, and shall be accountable to the Board. The major duties of the secretary shall be:</p> <p>(1) <u>to be responsible for the public release of company information, coordinate the information disclosure affairs, organize and formulate the management system of information disclosure affairs, supervise and urge the company and the relevant information disclosure obligors to comply with the relevant provisions on information disclosure;</u></p> <p>(2) <u>responsible for investor relationship management, coordinating information communication between Company and securities regulatory authorities, investors, securities service institutions, media, etc.;</u></p> <p>(3) <u>organize the preparation for the meeting of the Board and the general meeting of shareholders; attend the meeting of the general meeting of shareholders, the meeting of the Board, the meeting of the board of supervisors and the relevant meeting of senior management; take charge of the minutes of the meeting of the Board and sign them;</u></p> <p>(4) <u>responsible for the management and preservation of the register of shareholders of Company, keeping of the company seal, to ensure that qualified shareholders receive timely information and materials disclosed by Company;</u></p> <p>(5) <u>responsible for consulting services, coordinate and deal with related affairs between Company and shareholders, as well as shareholders’ daily reception and letters and visits;</u></p>

No.	Article	Before Amendments	After Amendments
	<p>Article 132 (continued)</p>		<p>(6) <u>responsible for company information disclosure and investor relations management; and</u></p> <p>(7) <u>to perform other duties as required by the laws, administrative rules and these Articles.</u></p>
10.	<p>Article 133</p>	<p>Directors or other senior management staff of the Company may concurrently hold the office of secretary to the board of directors. No accountant of the accounting firm hired by the Company may concurrently hold the office of secretary to the board of directors.</p> <p>If the office of secretary to the board of directors is held by a director of the Company and a certain act is to be done by the board of directors and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in dual capacity.</p>	<p>Directors or other senior management staff of the Company may concurrently hold the office of secretary to the board of directors. No accountant of the accounting firm <u>or lawyer of the law firm</u> hired by the Company may concurrently hold the office of secretary to the board of directors.</p> <p>If the office of secretary to the board of directors is held by a director of the Company and a certain act is to be done by the board of directors and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in dual capacity.</p>
11.	<p>Article 143</p>	<p>The Supervisory Committee shall be accountable to the shareholder’s general meeting and exercise the following functions and powers according to laws:</p> <p>(1) to examine the Company’s financial affairs;</p> <p>(2) <u>to supervise the Company’s directors and other senior management staff to see whether they violate any laws, regulations or the Company’s Articles of Association during their performance of Company duties;</u></p> <p>(3) to require a director or senior management staff of the Company to rectify an act if such act is harmful to the Company’s interests;</p>	<p>The Supervisory Committee shall be accountable to the shareholder’s general meeting and exercise the following functions and powers according to laws:</p> <p>(1) <u>to examine the regular reports of the company as prepared by the board of directors and giving its examination opinions in writing;</u></p> <p>(2) to examine the Company’s financial affairs;</p> <p>(3) <u>to supervise the acts of violation of laws, administrative regulations or these Articles of directors and senior officers in performing their duties, and propose the removal of directors and senior officers who violate laws, administrative rules, these Articles or resolutions made by the shareholders’ general meeting;</u></p>

No.	Article	Before Amendments	After Amendments
	<p>Article 143 (continued)</p>	<p>(4) <u>to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' general meeting and, if in doubt, to authorize, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;</u></p> <p>(5) <u>to propose the holding of extraordinary shareholders' general meetings, and to convene and act as the presider of the meeting if the chairman is unable or fails to perform his duties;</u></p> <p>(6) to represent the Company in negotiating with or instituting legal proceedings against director or senior management personnel;</p> <p>(7) <u>to review and opine on the regular report;</u></p> <p>(8) to propose motions to the shareholder's general meeting;</p> <p>(9) <u>to propose the convening of an extraordinary meeting of the board of directors;</u></p> <p>(10) <u>other function and powers provided for in the Articles of Association of the Company.</u></p> <p>Supervisors are entitled to attend, present suggestions on or make inquiries meetings of the board of directors.</p>	<p>(4) to require a director or senior management staff of the Company to rectify an act if such act is harmful to the Company's interests;</p> <p>(5) <u>to propose to convene a shareholders' extraordinary general meetings, convene and preside over the shareholders' general meeting where the board of directors fails to fulfill such duties;</u></p> <p>(6) to represent the Company in negotiating with or instituting legal proceedings against director or senior management personnel;</p> <p>(7) <u>to conduct investigation of abnormal situations as soon as they are found in the Company; if necessary, retain such professional institutions as accounting firms, law firms and otherwise for assistance, at the expense of the Company;</u></p> <p>(8) to propose motions to the shareholder's general meeting;</p> <p>(9) <u>other functions and powers specified in laws, administrative regulations, departmental rules and these Articles.</u></p> <p>Supervisors are entitled to attend, present suggestions on or make inquiries meetings of the board of directors.</p>

This appendix 3 sets out the rules of procedures of the general meetings which was approved in the extraordinary general meeting held on 3 June 2019 (“Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information.

The English version in this Appendix 3 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Rule	Before Amendments	After Amendments
1.	Article 6	<p>General meeting is composed of all the shareholders of the Company, and is the Company’s authoritative body.</p> <p>The general meetings shall exercise their powers and functions within the scope as stipulated by relevant laws, regulations and normative documents such as the Company Law, without interfering in the disposal of their own rights by shareholders. The general meetings shall deliberate and decide upon matters in accordance with relevant laws, regulations and normative documents such as the Company Law as well as the Articles of Association.</p>	<p>General meeting is composed of all the shareholders of the Company, and is the Company’s authoritative body. <u>Shareholders are entitled to rights and bear responsibilities established by laws, regulations, and the company’s articles of association.</u></p> <p><u>The Articles of Association and the resolutions of the general meetings or the board meeting shall comply with laws and regulations, and shall not deprive shareholders’ legally entitled rights nor restrict their rights.</u></p> <p><u>The corporate governance of the Company shall protect the rights of shareholders in compliance with laws, and emphasize the protection of legitimate interests of minority shareholders.</u></p> <p><u>The Company shall establish smooth and effective communication channels with shareholders, and facilitate shareholders’ exercise of right to information of, participation in the decision-making on, and oversight of major matters of the company.</u></p> <p>The general meetings shall exercise their powers and functions within the scope as stipulated by relevant laws, regulations and normative documents such as the Company Law, without interfering in the disposal of their own rights by shareholders. The general meetings shall deliberate and decide upon matters in accordance with relevant laws, regulations and normative documents such as the Company Laws as well as the Articles of Association.</p>

No.	Rule	Before Amendments	After Amendments
2.	Article 9	Where necessary, reasonable and in compliance with requirements of the laws, for the specific matters with regard to the resolution which fail to be or are unnecessary to be decided at the general meeting then, the general meetings can authorize the Board to decide within the authorized scope of the general meeting.	Where necessary, reasonable and in compliance with requirements of the laws, for the specific matters with regard to the resolution which fail to be or are unnecessary to be decided at the general meeting then, the general meetings can authorize the Board to decide within the authorized scope of the general meeting. <u>General meetings shall not assign any of its exercisable power under the laws to the Board to exercise.</u>
3.	Article 13	The general meeting of the Company shall be convened at the domicile of the Company or the place explicitly specified in the notice of general meeting. The Company shall arrange for the venue of an on-site meeting to be held. The <u>general meeting</u> can also be <u>conducted online or by way of other means</u> to provide convenience for shareholders to attend. <u>Shareholders attending the general meeting of the Company as scheduled via the abovementioned methods are considered to be present at such meeting.</u> Online voting is not suitable for H-share shareholders.	The general meeting of the Company shall be convened at the domicile of the Company or the place explicitly specified in the notice of general meeting. The Company shall arrange for the venue for the on-site meeting to be held <u>in the combination with online voting.</u> <u>The time and venue chosen for the on-site meeting shall be appropriate to facilitate shareholders' participation.</u> A listed company should ensure <u>that the general meetings are legitimate and valid</u> to provide convenience for shareholders to attend. <u>General meetings should allow each proposal a reasonable amount of time for discussion.</u> Online voting is not suitable for H-share shareholders.

No.	Rule	Before Amendments	After Amendments
4.			<p>Article 15 <u>General meetings should be convened in accordance with the relevant regulations to conduct online voting to shareholders whose names appeared in the Register of the Company at the record date and entitled to attend the general meeting to exercise their voting rights, and shall perform relevant notice and announcement obligations in connection with general meetings and perform relevant organization and preparation work in connection with online voting.</u></p> <p><u>Shanghai Stock Exchange Online Voting System includes voting platform of the trading system and internet voting platform (website: vote.sseinfo.com). Shareholders of the Company can access their accounts to log into the terminus of any specified securities trading company to enter the voting platform of the trading system to participate online voting on the day the general meeting convened during the trading hours of Shanghai Stock Exchange; shareholders can also log into the internet voting platform of Shanghai Stock Exchange to take part in the online voting from 9:15 to 15:00 on the day the general meeting convened after the verification of their identities.</u></p>
5.			<p>Article 16 <u>The Company should provide all information of shareholders whose names appeared in the Register of the Company at the record date including their names, accounts, number of shares held, etc. to the information company two trading days prior to the general meeting. The Register of the Company at the record date should have at least two trading days apart from the starting day of the online voting.</u></p> <p><u>The Company should log into the listing companies information services platform of Shanghai Stock Exchange (website: list.sseinfo.com) one trading day prior to the starting day of the voting of the general meeting to verify and confirm the online voting information is accurate and complete.</u></p>

No.	Rule	Before Amendments	After Amendments
6.			<p><u>Article 17</u></p> <p><u>According to the Company's appointment, after the completion of the online voting of general meeting, the information company will retrieve the online voting information through the online voting system of the Shanghai Stock Exchange, and deliver the online voting statistical results and their relevant details to the Company. The Company appoints the information company to provide the combined statistical results of on-site meeting and online voting, and shall deliver on-site meeting information to the information company in a timely manner. After the completion of combining the statistics, the information company will deliver the statistical information regarding the online voting, on-site meeting, combined counts of votes and their relevant details to the Company.</u></p> <p><u>In case that shareholders who required to abstain from voting or committed to abandon their voting rights participate in the online voting, have different requests for the same matter at a general meeting, or holders of preference shares participate the online voting, the information company provide all voting record of relevant resolutions to the Company, the Company shall be in accordance with relevant regulations, the Articles of Association and the vote-counting regulations disclosed on the relevant announcements of general meeting to conduct statistics of the voting results of the general meeting.</u></p> <p><u>Two days after the on-site voting at the general meeting, shareholders can enter the website of the information company (website: www.sseinfo.com) to make inquiries about their valid voting results according to the stipulated method on that website.</u></p>

No.	Rule	Before Amendments	After Amendments
7.			<p><u>Article 18</u></p> <p><u>The notice of general meeting should set out the form and number of session of the general meeting, time of on-site and online voting, types of shareholders who participate the meeting, the Record Date or the last trading day, the proposed resolutions, the process of online voting and relevant information. Shareholders who participate in meeting will be classified under A shares, B shares, preference shares with restored voting rights, and preference shares. The Company issued a multiple of preference shares of which being categorized into different types. The on-site general meeting should be convened on a trading day of Shanghai Stock Exchange.</u></p> <p><u>In case of the general meeting being delayed or cancelled, addition of temporary resolution, cancellation of resolution set out in the notice of general meeting, or the supplementary or amendment of the online voting information, the convener of the general meeting should make disclosure in a timely manner.</u></p>
8.	Article 15		<u>Changed as Article 19</u>
9.	Article 16		<u>Changed as Article 20</u>
10.	Article 17		<u>Changed as Article 21</u>
11.	Article 18		<u>Changed as Article 22</u>
12.	Article 19		<u>Changed as Article 23</u>
13.	Article 20		<u>Changed as Article 24</u>
14.	Article 21		<u>Changed as Article 25</u>
15.	Article 22		<u>Changed as Article 26</u>
16.	Article 23		<u>Changed as Article 27</u>
17.	Article 24		<u>Changed as Article 28</u>
18.	Article 25		<u>Changed as Article 29</u>
19.	Article 26		<u>Changed as Article 30</u>
20.	Article 27		<u>Changed as Article 31</u>
21.	Article 28		<u>Changed as Article 32</u>
22.	Article 29		<u>Changed as Article 33</u>
23.	Article 30		<u>Changed as Article 34</u>
24.	Article 31		<u>Changed as Article 35</u>

APPENDIX 3**PROPOSED AMENDMENTS TO RULES OF
PROCEDURES OF THE GENERAL MEETINGS**

No.	Rule	Before Amendments	After Amendments
25.	Article 32		<u>Changed as Article 36</u>
26.	Article 33		<u>Changed as Article 37</u>
27.	Article 34		<u>Changed as Article 38</u>
28.	Article 35		<u>Changed as Article 39</u>
29.	Article 36		<u>Changed as Article 40</u>
30.	Article 37		<u>Changed as Article 41</u>
31.	Article 38		<u>Changed as Article 42</u>
32.	Article 39		<u>Changed as Article 43</u>
33.	Article 40		<u>Changed as Article 44</u>
34.	Article 41		<u>Changed as Article 45</u>
35.	Article 42		<u>Changed as Article 46</u>
36.	Article 43		<u>Changed as Article 47</u>
37.	Article 44		<u>Changed as Article 48</u>
38.	Article 45		<u>Changed as Article 49</u>
39.	Article 46		<u>Changed as Article 50</u>
40.	Article 47		<u>Changed as Article 51</u>
41.	Article 48		<u>Changed as Article 52</u>
42.	Article 49		<u>Changed as Article 53</u>
43.	Article 50		<u>Changed as Article 54</u>
44.	Article 51		<u>Changed as Article 55</u>
45.	Article 52		<u>Changed as Article 56</u>

No.	Rule	Before Amendments	After Amendments
46.	Article 53	<p>Shareholders (including their proxies) may exercise their voting rights in accordance with the number of their shares with voting right. Each share shall have one vote.</p> <p>When the deliberation in the shareholders' general meeting affects the significant matters of medium and small investors' benefits, the voting of medium and small investors shall be counted separately. The result of separate vote counting shall be disclosed publicly in a timely manner.</p> <p>Shares held by the Company are without voting rights and such shares shall not be taken in the total number of voting shares held by shareholders represented at the meeting.</p> <p>The Board, independent directors and shareholders of the Company who meet the <u>relevant</u> requirements may solicit votes from shareholders publicly.</p> <p><u>While soliciting voting rights of shareholders,</u> information such as the specific voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not <u>impose</u> any minimum shareholding restriction on the solicitation of voting rights.</p>	<p><u>Changed as Article 57</u></p> <p>Shareholders (including their proxies) may exercise their voting rights in accordance with the number of their shares with voting right. Each share shall have one vote.</p> <p>When the deliberation in the shareholders' general meeting affects the significant matters of medium and small investors' benefits, the voting of medium and small investors shall be counted separately. The result of separate vote counting shall be disclosed publicly in a timely manner.</p> <p>Shares held by the Company are without voting rights and such shares shall not be taken in the total number of voting shares held by shareholders represented at the meeting.</p> <p>The Board, independent directors and shareholders of the Company who meet the <u>concerning</u> requirements may solicit <u>their</u> votes <u>at general meeting</u> from shareholders <u>of the Company</u> publicly.</p> <p><u>No payment shall be made to the shareholders for solicitation of voting rights, and</u> information such as the specific voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. <u>There should be</u> no consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company <u>and the convener of the general meeting</u> shall not <u>implement</u> any minimum shareholding restriction on the solicitation of voting rights <u>to shareholders</u>.</p>

No.	Rule	Before Amendments	After Amendments
47.			<p><u>Article 58</u></p> <p><u>The board of directors, INED and shareholders holding more than one percent of the voting shares may act as soliciting party, and by themselves or by entrusting securities companies or securities service institutions, publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting and exercise the proposal rights, voting rights and other shareholders' rights on their behalf but no collection of the shareholders' rights publicly with consideration or de facto consideration.</u></p> <p><u>Where the shareholders' rights are collected in accordance with the provisions of the preceding paragraph, the soliciting party shall disclose the collection documents and the Company shall cooperate. The Company shall can regulate the collection system of shareholders' right in the Articles of Association.</u></p>
48.	Article 54		<u>Changed as Article 59</u>
49.	Article 55	<p>While ensuring the lawfulness and validity of general meetings, the Company shall facilitate the participation of shareholders in general meetings by various means and ways, with priority first given to the provision of modern information technology means, such as an online voting platform, etc.</p>	<p>While ensuring the lawfulness and validity of general meetings, the Company shall facilitate the participation of shareholders in general meetings by various means and ways, with priority first given to the provision of modern information technology means, such as an online voting platform, etc. <u>Shareholders should be able to vote in person or by proxy according to the laws. Equal effect should be given to votes whether cast in person or by proxy.</u></p>
50.	Article 56		<u>Changed as Article 61</u>
51.	Article 57		<u>Changed as Article 62</u>

No.	Rule	Before Amendments	After Amendments
52.	Article 58	<p><u>The accumulative voting system may be adopted in voting on the election of directors and non-employee supervisors according to the provisions in the Articles of Association or the resolutions of the general meeting.</u></p> <p>The aforesaid accumulative voting system refers to that each share carrying voting right is entitled to such number of votes equivalent to the number of directors or supervisors which may be pooled in the course of the election of directors and supervisors at the general meeting.</p> <p>If the number of nominated candidates for directors and non-employee supervisors is more than the number of vacancies for directors and supervisors, the competitive election shall be adopted.</p> <p>The supervisor assumed by the employees' representative may be directly included into the Supervisory Committee upon democratic election by the employees of the Company. The Supervisory Committee shall inform shareholders of the resume and basic information of the supervisors assumed by the employees' representative.</p> <p>The procedures for dismissal of directors and supervisors may be subject to aforesaid provisions.</p> <p>Any resolutions on the election, replacement and dismissal of directors and supervisors in violation of this provision are invalid.</p>	<p><u>Changed as Article 63</u></p> <p><u>The election of directors and supervisors should fully reflect the opinions of minority shareholders. A cumulative voting system should be pursued in the election of directors and supervisors at general meetings. Where a single shareholder together with persons acting in concert holds more than 30% of a listed company's shares, the company must adopt the cumulative voting system. The Company adopting the cumulative voting system should provide for detailed implementation rules in its articles of association.</u></p> <p>The aforesaid accumulative voting system refers to that each share carrying voting right is entitled to such number of votes equivalent to the number of directors or supervisors which may be pooled in the course of the election of directors and supervisors at the general meeting.</p> <p>If the number of nominated candidates for directors and non-employee supervisors is more than the number of vacancies for directors and supervisors, the competitive election shall be adopted.</p> <p>The supervisor assumed by the employees' representative may be directly included into the Supervisory Committee upon democratic election by the employees of the Company. The Supervisory Committee shall inform shareholders of the resume and basic information of the supervisors assumed by the employees' representative.</p> <p>The procedures for dismissal of directors and supervisors may be subject to aforesaid provisions.</p> <p>Any resolutions on the election, replacement and dismissal of directors and supervisors in violation of this provision are invalid.</p>
53.	Article 59		<u>Changed as Article 64</u>
54.	Article 60		<u>Changed as Article 65</u>
55.	Article 61		<u>Changed as Article 66</u>

No.	Rule	Before Amendments	After Amendments
56.	Article 62		<u>Changed as Article 67</u>
57.	Article 63		<u>Changed as Article 68</u>
58.	Article 64		<u>Changed as Article 69</u>
59.	Article 65		<u>Changed as Article 70</u>
60.			<u>Article 71</u> <u>Shareholders attending the general meeting shall submit their voting clearly: “for”, “against” or “abstain”.</u>

No.	Rule	Before Amendments	After Amendments
61.			<p><u>Article 72</u></p> <p><u>Shareholders shall vote within the limit of the number of votes of each resolution group. In case of the number of vote of the shareholder exceeds his actual number of vote, or the votes exceed the number of candidate in a competitive election, the vote of the shareholder should be considered void.</u></p> <p><u>Shareholders who participate in online voting only for some of the resolutions at a general meeting are considered to be the attendees of the general meeting, and their voting rights are included in the voting rights of shareholders at the general meeting. If a shareholder has not yet come to vote or voted without following the guideline, the voting right would be considered abandoned.</u></p> <p><u>In case of making a vote repeatedly by the same voting right at the on-site meeting, the online voting platform of Shanghai Stock Exchange or by other means, only the first vote will be considered.</u></p> <p><u>Shareholder who holds multiple shareholder accounts can participate in online voting using one of the accounts, and the number of vote he/she holds is based on the total number of the same class of shares of all his/her accounts.</u></p> <p><u>The Company and its lawyer shall conduct regularity confirmation in respect of the voting information and then formulate the voting results of the general meeting; in case of any disagreements with the voting information, they shall report to Shanghai Stock Exchange and the information company in a timely manner.</u></p>
62.	Article 66		<u>Changed as Article 73</u>
63.	Article 67		<u>Changed as Article 74</u>
64.	Article 68		<u>Changed as Article 75</u>
65.	Article 69		<u>Changed as Article 76</u>
66.	Article 70		<u>Changed as Article 77</u>
67.	Article 71		<u>Changed as Article 78</u>
68.	Article 72		<u>Changed as Article 79</u>

APPENDIX 3**PROPOSED AMENDMENTS TO RULES OF
PROCEDURES OF THE GENERAL MEETINGS**

No.	Rule	Before Amendments	After Amendments
69.	Article 73		<u>Changed as Article 80</u>
70.	Article 74		<u>Changed as Article 81</u>
71.	Article 75		<u>Changed as Article 82</u>
72.	Article 76		<u>Changed as Article 83</u>
73.	Article 77		<u>Changed as Article 84</u>
74.	Article 78		<u>Changed as Article 85</u>
75.	Article 79		<u>Changed as Article 86</u>
76.	Article 80		<u>Changed as Article 87</u>
77.	Article 81		<u>Changed as Article 88</u>
78.	Article 82		<u>Changed as Article 89</u>
79.	Article 83		<u>Changed as Article 90</u>
80.	Article 84		<u>Changed as Article 91</u>
81.	Article 85		<u>Changed as Article 92</u>
82.	Article 86		<u>Changed as Article 93</u>
83.	Article 87		<u>Changed as Article 94</u>

This appendix 4 sets out the rules of procedures of the board of directors which was approved in the extraordinary general meeting held on 3 June 2019 (“Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information.

The English version in this Appendix 4 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Rule	Before Amendments	After Amendments
1.	Article 2	The Company has established the board of directors in accordance with laws. As the body to make decisions on the Company’s operational matters, the board of directors is responsible for managing and operating the Company’s legal property according to relevant laws and regulations such as the Company Law as well as the requirements as set out in the Articles of Association. The board of directors is accountable to the general meeting.	The Company has established the board of directors in accordance with laws. As the body to make decisions on the Company’s operational matters, the board of directors is responsible for managing and operating the Company’s legal property according to relevant laws and regulations such as the Company Law as well as the requirements as set out in the Articles of Association. The board of directors is accountable to the general meeting. <u>The board of directors shall diligently perform its duties according to laws and regulations and the Articles of Association to ensure the Company complies with the provisions of laws and regulations, fairly treats all shareholders and safeguards the legitimate rights and interests of other stakeholders.</u>
2.	Article 4	<p>The board of directors shall consist of not more than 15 directors and have one chairman and <u>one</u> vice chairman.</p> <p><u>The members of the board shall comprises at least 3 independent directors (also known as external independent directors or independent non-executive directors) and the number of independent directors shall not be less than 1/3 of the numbers of members of the board and also not less than 3.</u> One of the independent director comprises at least one professional (who has appropriate professional qualifications or accounting or related financial management expertise) and at least one independent director is ordinarily residing in Hong Kong.</p> <p>The chairman <u>and vice chairman</u> shall be elected by a majority of all the directors. The term of office of the chairman <u>and vice chairmen</u> shall be three years, which is renewable upon re-election.</p>	<p>The board of directors shall consist of not more than 15 directors and have one chairman and <u>may have a</u> vice chairman.</p> <p><u>The number of independent directors shall be at least 3 and more than one-third of the number of members of the board.</u> One of the independent director comprises at least one professional (who has appropriate professional qualifications or accounting or related financial management expertise) and at least one independent director is ordinarily residing in Hong Kong.</p> <p>The chairman shall be elected by a majority of all the directors. The term of office of the <u>chairman</u> shall be three years, which is renewable upon re-election.</p>

No.	Rule	Before Amendments	After Amendments
3.	Article 5	Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause.	Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause. <u>The members of the board shall possess necessary knowledge, competence and qualities to perform their duties.</u>
4.			<p><u>Article 6</u></p> <p><u>If the number of independent directors falls below the one-third of the total number of directors of the board as a result of any resignation of an independent director, the independent director who tendered resignation shall continue to perform his/her duties until the day an independent director has been newly appointed, except for those who resigned due to loss of independency and dismissal according to law. The nominator of that independent director or the board of directors of the Company shall nominate a candidate for election as an independent director within 90 days upon such resignation of that independent director.</u></p>

No.	Rule	Before Amendments	After Amendments
5.			<p><u>Article 7</u></p> <p><u>Details of the candidates for directorship should be disclosed prior to the convening of a general meeting to ensure that the shareholders are adequately informed of the candidates.</u></p> <p><u>Prior to the announcement of the general meeting notice, candidates for directorship should give written undertakings to accept the nominations, to guarantee the truthfulness, accuracy, and completeness of the candidate materials that have been publicly disclosed, and to promise to earnestly perform their duties once elected.</u></p> <p><u>Agreements should be entered into between the Company and its directors, to clarify such matters as the rights and obligations of the Company and the directors, the term of directorship, the director’s liabilities in the case of breach of laws and regulations, and the articles of association, and the compensation from the Company in case of early termination of the appointment agreement by the Company.</u></p>

No.	Rule	Before Amendments	After Amendments
6.	Article 6		<u>Changed as Article 8</u>
7.	Article 7		<u>Changed as Article 9</u>
8.	Article 8		<u>Changed as Article 10</u>
9.	Article 9		<u>Changed as Article 11</u>
10.	Article 10		<u>Changed as Article 12</u>
11.	Article 11		<u>Changed as Article 13</u>
12.			<p><u>Article 14</u></p> <p><u>The board of directors should be accountable to and implement the resolutions of the general meetings.</u></p> <p><u>The board of directors shall perform its duties as stipulated by laws, ensure that the Company complies with laws, regulations, and its articles of association, treats all the shareholders equally, and respects the legitimate rights and interests of stakeholders.</u></p> <p><u>The Company should ensure that its board of directors exercises functions and power in accordance with laws, regulations, and the company's articles of association, and provide directors with necessary conditions to perform their duties.</u></p>
13.			<p><u>Article 15</u></p> <p><u>Each type of legitimate power of the board of directors of the Company shall be exercised by the board of directors collectively and shall not be authorized by others, or be modified or deprived by means of the Articles of Association or the resolutions of general meeting. Other powers of the board of directors specified in the Articles of Association that involve material business and matters shall be exercised collectively and shall not be delegated to one or just some of the directors to make decisions solely.</u></p>
14.	Article 12		<u>Changed as Article 16</u>
15.	Article 13		<u>Changed as Article 17</u>
16.	Article 14		<u>Changed as Article 18</u>
17.	Article 15		<u>Changed as Article 19</u>
18.	Article 16		<u>Changed as Article 20</u>

No.	Rule	Before Amendments	After Amendments
19.			<p><u>Article 21</u></p> <p><u>The chairman of the Company shall strictly comply with the mechanism for collective decision-making of the board of directors and shall not replace the decisions of the board of directors with his/her personal opinion or interfere with the judgement of other directors.</u></p> <p><u>The chairman shall not perform outside the scope of the ordinary duties. The board of directors may authorize the chairman to perform part of the duties of the board during the intersessional period, and the Company shall clearly specify the principle and specific content of the authorization in the Company's Articles of Association. The authority to be exercised by the board shall not be delegated to the chairman.</u></p>
20.	Article 17		<u>Deleted</u>
21.	Article 18		<u>Changed as Article 22</u>
22.	Article 19	The meetings of the board of directors are divided into regular meetings and interim meetings.	<p><u>Changed as Article 23</u></p> <p>The meetings of the board of directors are divided into regular meetings and interim meetings. <u>The matters in the agenda for board meetings shall have previously proposed.</u></p>
23.	Article 20		<u>Changed as Article 24</u>
24.			<p><u>Article 25</u></p> <p><u>The chairman of the Company shall follow the rules of procedures of the board of directors to ensure the board meetings can be convened smoothly, and to table the matters to be reviewed by the board in a timely manner, and shall not use any form of restriction or obstruction on any directors to exercise their powers independently.</u></p> <p><u>The chairman of the Company shall actively monitor the matters which are resolved, and inform all directors about the material matters of the Company in a timely manner.</u></p>
25.	Article 21		<u>Changed as Article 26</u>
26.	Article 22		<u>Changed as Article 27</u>
27.	Article 23		<u>Changed as Article 28</u>

No.	Rule	Before Amendments	After Amendments
28.	Article 24		<u>Changed as Article 29</u>
29.			<u>Article 30</u> <u>The board of directors shall provide sufficient information. If two or more of the independent directors believe that the information is insufficient or the materials is incomprehensive, they may request the board jointly in writing for a postponement of convening the meeting or reviewing that matter. The board of directors shall adopt the proposals and the listed company shall disclose the relevant issues in a timely manner.</u>
30.	Article 25		<u>Changed as Article 31</u>
31.	Article 26		<u>Changed as Article 32</u>
32.	Article 27		<u>Changed as Article 33</u>
33.	Article 28		<u>Changed as Article 34</u>

No.	Rule	Before Amendments	After Amendments
34.	Article 29	<p>The directors shall attend a board meeting in person. Where a director is unable to attend the meeting in person due to certain reasons, he/she may by a written power of attorney appoint another director to attend the meeting as his/her proxy. The power of attorney shall indicate:</p> <p>(I) the name of the proxy;</p> <p>(II) the entrusted matter;</p> <p>(III) the scope of authorization and its term of validity;</p> <p>(IV) the signature or seal of the appointer.</p> <p>The authorized director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a board meeting in person, and does not authorize any representatives to attend the meeting, he/she shall be deemed to have waived his/her voting rights at the meeting.</p> <p>Where connected transactions are reviewed at a meeting, a director who is not a related party shall not authorize a director who is a related party to attend such meeting on his/her behalf, nor shall any director who is a related party accept such authorization by any director who is not a related party.</p>	<p><u>Changed as Article 35</u></p> <p>The directors shall attend a board meeting in person. Where a director is unable to attend the meeting in person due to certain reasons, he/she may by a written power of attorney appoint another director to attend the meeting as his/her proxy. The power of attorney shall indicate:</p> <p>(i) the name of the proxy;</p> <p>(II) the entrusted matter;</p> <p>(III) the scope of authorization and its term of validity;</p> <p>(IV) the signature or seal of the appointer.</p> <p>The authorized director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a board meeting in person, and does not authorize any representatives to attend the meeting, he/she shall be deemed to have waived his/her voting rights at the meeting.</p> <p>Where connected transactions are reviewed at a meeting, a director who is not a related party shall not authorize a director who is a related party to attend such meeting on his/her behalf, nor shall any director who is a related party accept such authorization by any director who is not a related party.</p>

PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

No.	Rule	Before Amendments	After Amendments
	<p>Article 29 (continued)</p>	<p>A director shall not authorize another director with full powers to attend a meeting on his/her behalf without having specified his/her personal opinions and voting intentions on the proposals, nor shall any director accept authorizations with full powers or without specific scope by another director.</p> <p>A director shall not accept the authorizations from more than two directors, nor shall any director authorize a director who has accepted authorizations by another two directors to attend the meeting on his/her behalf.</p> <p>An independent director shall not authorize a non-independent director to attend the meeting on his/her behalf, <u>nor shall a non-independent director accept the authorization from an independent director.</u></p>	<p><u>Changed as Article 35 (Continued)</u></p> <p>A director shall not authorize another director with full powers to attend a meeting on his/her behalf without having specified his/her personal opinions and voting intentions on the proposals, nor shall any director accept authorizations with full powers or without specific scope by another director.</p> <p>A director shall not accept the authorizations from more than two directors <u>at a board meeting</u>, nor shall any director authorize a director who has accepted authorizations by another two directors to attend the meeting on his/her behalf.</p> <p><u>When connected transactions are reviewed at a meeting, a director who is not a related party shall not authorize a director who is a related party to attend such meeting on his/her behalf. whilst</u> an independent director shall not authorize a non-independent director to attend <u>such meeting</u> on his/her behalf.</p> <p><u>The obligation of a director to vote cannot be waived if he/she authorizes another director to attend such meeting.</u></p> <p><u>A director who fails to attend the board meetings in person nor authorize another director to attend the meetings on his/her behalf for two consecutive times shall be deemed as not performing duties and the board of directors and the Supervisory Committee shall propose to the general meeting for removing such director. To be present at a meeting, a director may attend the on-site board meeting, and by communication facilities to attend such meeting.</u></p>
35.	Article 30		<u>Changed as Article 36</u>
36.	Article 31		<u>Changed as Article 37</u>

No.	Rule	Before Amendments	After Amendments
37.			<p><u>Article 38</u></p> <p><u>When directors of the Company review the matters of decisions of the board, they shall diligently consider the below factors of the relevant matters:</u></p> <p>(i) <u>gain and loss and risk;</u></p> <p>(ii) <u>the basis and method of price fixation;</u></p> <p>(iii) <u>the feasibility and legitimacy;</u></p> <p>(iv) <u>the trustworthiness of a counterparty and its connected relationship with the Company;</u></p> <p>(v) <u>the issues such as the potential impact on the sustainable development of the Company.</u></p> <p><u>When a director considers that the relevant matters of decisions of the board violate the provisions of laws and regulations, such issue shall be brought up at a board meeting. If the relevant resolutions will still be made by the board of directors, directors who have disagreements shall report to Shanghai Stock Exchange and other relating regulatory authorities in a timely manner.</u></p>
38.	Article 32		<u>Changed as Article 39</u>
39.	Article 33		<u>Changed as Article 40</u>
40.	Article 34		<u>Changed as Article 41</u>
41.			<p><u>Article 42</u></p> <p><u>The board of directors shall transact business in strict compliance with its scope of authority as mandated by the general meeting and laid down in the Articles of Association, and shall not adopt any resolution beyond its authority.</u></p>
42.	Article 35		<u>Deleted</u>
43.	Article 36		<u>Changed as Article 43</u>
44.	Article 37		<u>Changed as Article 44</u>

No.	Rule	Before Amendments	After Amendments
45.			<p>Article 45</p> <p><u>When the board of Company reviews the regular report, directors shall read its entire text diligently, focusing on whether the content is true, accurate and complete or contain any material misstatements, omissions or anything unusual on the main financial auditing information; and pay attention to whether the report of the board of directors comprehensively analyzes the financial conditions and operating results of the Company, and fully disclose the material matters that may impact the Company and the uncertain factors.</u></p> <p><u>Directors shall comply with the law to sign the written confirmation of opinions on the regular report of the Company, and shall not authorize others to sign or refuse to sign on the ground that the directors have disagreements with the regular reports and differences in views with the auditor.</u></p> <p><u>In case the director cannot warrant the truthfulness, accuracy and completeness of the content of the regular report or has disagreements, he/she shall express the views and explain the specific reasons on the written confirmation of opinions, and the board of directors of the Company shall make an explanation in relation to the matters involved and the impacts on the Company, and make a public announcement.</u></p>
46.			<p>Article 46</p> <p><u>The Company shall not disclose the regular report which has not been approved by the board of directors; more than half of directors cannot warrant the truthfulness, accuracy and completeness of the content of the regular report which may not considered approved, and the Company shall reprepare the regular report. In case that the regular report has not approved by the board of directors nor has the resolutions resolved, the Company shall disclose the reasons and risks involved, the special explanation from the board of directors and opinions from independent directors.</u></p>

No.	Rule	Before Amendments	After Amendments
47.	Article 38	The board of directors shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the directors present at the meeting. Such board meeting minutes shall be kept as part of the Company's documents for at least 10 years.	<u>Changed as Article 47</u> The board of directors shall keep minutes of resolutions on matters discussed at meetings. <u>The minutes of board meetings shall be truth, accurate and complete.</u> The minutes shall be signed by the directors, <u>secretary of the board and the person taking minutes who present</u> at the meeting. Such board meeting minutes shall be kept as part of the Company's documents for at least 10 years.
48.	Article 39		<u>Changed as Article 48</u>
49.	Article 40		<u>Changed as Article 49</u>
50.			<u>Article 50</u> <u>Directors should be held accountable for the resolutions made by the board. Where the board's resolutions violate laws, regulations, the Articles of Association or the general meeting resolutions, and thus cause severe losses to the Company, directors participating in adopting the resolutions should be liable for compensations to the Company. However, a director who is proved to have objected in voting, and whose objection is recorded in the meeting minutes should be exempted from such liability.</u>
51.	Article 41		<u>Deleted</u>
52.	Article 42		<u>Changed as Article 51</u>
53.	Article 43		<u>Changed as Article 52</u>
54.	Article 44		<u>Changed as Article 53</u>
55.	Article 45		<u>Changed as Article 54</u>

No.	Rule	Before Amendments	After Amendments
56.	Article 46	The Company shall have a secretary to the board of directors. The secretary to the board of directors is a senior management member of the Company and shall be accountable to the board of directors.	<p><u>Changed as Article 55</u></p> <p>The Company shall have a secretary to the board of directors. The secretary to the board of directors is a senior management member of the Company and shall be accountable to the board of directors. <u>The secretary of the board is responsible for the matters such as preparing for the meetings of shareholders and the board of directors, safekeeping the documents of the meetings, maintaining the shareholder register, and managing information disclosure and investor relations.</u></p> <p><u>In order to perform its duties, the secretary of the board has the right to participate in relevant meetings, to access relevant documents and to learn about the Company's financial and operational conditions. The board of directors and other senior management personnel should support the work of the board secretary. No institution nor individual should interfere with the board secretary's performance of duties.</u></p>
57.	Article 47		<u>Changed as Article 56</u>
58.	Article 48		<u>Changed as Article 57</u>
59.	Article 49		<u>Changed as Article 58</u>
60.	Article 50		<u>Changed as Article 59</u>
61.	Article 51		<u>Changed as Article 60</u>
62.	Article 52		<u>Changed as Article 61</u>
63.	Article 53		<u>Changed as Article 62</u>
64.	Article 54		<u>Changed as Article 63</u>
65.	Article 55		<u>Changed as Article 64</u>
66.	Article 56		<u>Changed as Article 65</u>
67.	Article 57		<u>Changed as Article 66</u>
68.	Article 58		<u>Changed as Article 67</u>

APPENDIX 5**PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF THE SUPERVISORY COMMITTEE**

This appendix 5 sets out the rules of procedures of the supervisory committee which was approved in the extraordinary general meeting held on 3 June 2019 (“Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information.

The English version in this Appendix 5 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Rule	Before Amendments	After Amendments
1.	Article 4	Supervisors shall comply with laws, administrative regulations and the Articles of Association and shall perform the duties of loyalty and diligence to the Company. Supervisors are not allowed to use their powers for accepting bribes or other illegal incomes or encroaching upon the Company’s property.	Article 4 Supervisors shall comply with laws, administrative regulations and the Articles of Association and shall perform the duties of loyalty and diligence to the Company. Supervisors are not allowed to use their powers for accepting bribes or other illegal incomes or encroaching upon the Company’s property. <u>Supervisors shall possess relevant professional knowledge or working experiences and the ability to perform duties effectively. Directors and senior management personnel of the Company shall not concurrently serve as supervisors.</u>
2.			Article 14 <u>Supervisors have the right to have the understanding of the operation of the Company. The Company shall adopt measures to safeguard the right to know of the supervisors and render the necessary assistance for the due performance of duties by the supervisors and any person shall not interfere or obstruct. Reasonable costs incurred by the supervisors in the performance of duties shall be borne by the Company.</u>
3.	Article 14		<u>Changed as Article 15</u>
4.	Article 15		<u>Changed as Article 16</u>
5.	Article 16		<u>Changed as Article 17</u>
6.	Article 17		<u>Changed as Article 18</u>
7.	Article 18		<u>Changed as Article 19</u>
8.	Article 19		<u>Changed as Article 20</u>
9.	Article 20		<u>Changed as Article 21</u>

No.	Rule	Before Amendments	After Amendments
10.			<u>Article 22</u> <u>The Supervisory Committee legally reviews the business of the Company, supervises the lawful and regulatory performance of duties by the Company's directors and senior management personnel, to exercises other powers stipulated in the Articles of Association, and to safeguard the legal rights and interests of the listed company and shareholders.</u>
11.	Article 21		<u>Changed as Article 23</u>
12.			<u>Article 24</u> <u>The Supervisory Committee can require directors, senior management personnel, in-house and external audit team to attend the meetings of the Supervisory Committee to answer questions.</u>
13.	Article 22		<u>Changed as Article 25</u>
14.	Article 23		<u>Changed as Article 26</u>
15.			<u>Article 27</u> <u>If directors or senior management personnel are found to violate laws and regulations or the Articles of Association, the Supervisory Committee shall perform its supervisory duties and inform the board of directors or report at the general meeting. It can also report directly to China Securities Regulatory Commission, its agencies, stock exchange or other departments.</u>
16.	Article 24		<u>Changed as Article 28</u>
17.	Article 25		<u>Changed as Article 29</u>
18.	Article 26		<u>Changed as Article 30</u>
19.	Article 27		<u>Changed as Article 31</u>
20.	Article 28		<u>Changed as Article 32</u>
21.	Article 29		<u>Changed as Article 33</u>
22.	Article 30		<u>Changed as Article 34</u>
23.	Article 31		<u>Changed as Article 35</u>
24.	Article 32		<u>Changed as Article 36</u>
25.	Article 33		<u>Changed as Article 37</u>
26.	Article 34		<u>Changed as Article 38</u>

No.	Rule	Before Amendments	After Amendments
27.	Article 35		<u>Changed as Article 39</u>
28.	Article 36		<u>Changed as Article 40</u>
29.	Article 37		<u>Changed as Article 41</u>
30.	Article 38		<u>Changed as Article 42</u>
31.	Article 39		<u>Changed as Article 43</u>
32.	Article 40		<u>Changed as Article 44</u>
33.	Article 41		<u>Changed as Article 45</u>
34.	Article 42		<u>Changed as Article 46</u>
35.			<p><u>Article 47</u></p> <p><u>The Supervisory Committee shall review and provide written views regarding the financial and accounting reports prepared by the board of directors while the written views shall carry out that whether the preparation of the reports and the audit process comply with the relevant provisions and the contents are true, accurate and complete.</u></p> <p><u>The Supervisory Committee legally reviews the Company's business, and supervises the behaviors of directors and senior management personnel during the preparation of financial and accounting reports. It can appoint an intermediary for professional advice when necessary. Directors and senior management personnel shall provide true information and data to the Supervisory Committee and not interfering with the Supervisory Committee in the exercise of their functions and powers.</u></p> <p><u>If the Company, directors, supervisors, senior management, shareholders or de facto controller are found to be involved in fraud, abusive trade practices and other circumstances that may cause material misstatement relating to the financial and accounting reports, supervisors shall require the concerned party to immediately rectify or desist, report to the board of directors and the Supervisory Committee in a timely manner and draw the attention of the board of directors and the Supervisory Committee to review. Supervisors shall report to Shanghai Stock Exchange when necessary.</u></p>
36.	Article 43		<u>Changed as Article 48</u>

No.	Rule	Before Amendments	After Amendments
37.	Article 44		<u>Changed as Article 49</u>
38.	Article 45		<u>Changed as Article 50</u>
39.	Article 46		<u>Changed as Article 51</u>
40.	Article 47		<u>Changed as Article 52</u>
41.	Article 48		<u>Changed as Article 53</u>
42.	Article 49		<u>Changed as Article 54</u>
43.	Article 50	<p>The Supervisory Committee shall record in the minutes the decisions on the matters deliberated and shall have supervisors in attendance sign on the minutes for confirmation. Any supervisor who has different views on the minutes may make a written explanation when signing the minutes. If necessary, he shall report it to the regulatory authorities in a timely manner, and may also make a public statement. Any supervisor who neither sign and confirm nor make a written explanation to his different views or report to the regulatory authorities or make a public statement, shall be deemed to fully agree with the contents of the minutes.</p>	<p><u>Changed as Article 55</u></p> <p>The Supervisory Committee shall record in the minutes the decisions on the matters deliberated, <u>of which shall be true, accurate and complete, fully reflecting the opinions made by the attendees on the matters,</u> and shall have supervisors <u>and person taking minutes</u> in attendance sign on the minutes for confirmation. Any supervisor who has different views on the minutes may make a written explanation when signing the minutes. If necessary, he shall report it to the regulatory authorities in a timely manner, and may also make a public statement. Any supervisor who neither sign and confirm nor make a written explanation to his different views or report to the regulatory authorities or make a public statement, shall be deemed to fully agree with the contents of the minutes.</p>
44.	Article 51	<p>A supervisor shall have the right to request a descriptive record of what he/she said at the meeting to be made in the minutes. The minutes of meeting of the Supervisory Committee shall be kept as the files of the Company for at least 10 years.</p>	<p><u>Changed as Article 56</u></p> <p>A supervisor shall have the right to request a descriptive record of what he/she said at the meeting to be made in the minutes. The minutes of the meeting of the Supervisory Committee shall be kept as the <u>important</u> files of the Company for at least 10 years.</p>
45.	Article 52		<u>Changed as Article 57</u>
46.	Article 53		<u>Changed as Article 58</u>
47.	Article 54		<u>Changed as Article 59</u>
48.	Article 55		<u>Changed as Article 60</u>
49.	Article 56		<u>Changed as Article 61</u>
50.	Article 57		<u>Changed as Article 62</u>
51.	Article 58		<u>Changed as Article 63</u>
52.	Article 59		<u>Changed as Article 64</u>
53.	Article 60		<u>Changed as Article 65</u>

This appendix 6 sets out the proceeds management system which was approved in the extraordinary general meeting held on 3 June 2019 (“Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information.

The English version in this Appendix 6 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Rule	Before Amendments	After Amendments
1.	Article 1	In order to strengthen and standardize the management on raising funds and improve the efficiency and benefits of funds utilization, the Proceeds Management System of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Company”) (hereinafter referred to as the “System”) are hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for Initial Public Offering and Listing of Shares, <u>Guideline No. 2 for the Supervision of Listed Companies – Regulatory Requirements for the Administration and Use of Proceeds Raised by Listed Companies</u> , the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited(hereinafter referred to as the “Hong Kong Listing Rules”), relevant listing rules of the Shanghai Stock Exchange and other laws, regulations and normative documents as well as the Articles of Association of Shanghai Fudan Microelectronics Group Company Limited, and taking into consideration of specific situations of the Company.	In order to strengthen and standardize the management on raising funds and improve the efficiency and benefits of funds utilization, the Proceeds Management System of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Company”) (hereinafter referred to as the “System”) are hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for Initial Public Offering and Listing of Shares, <u>Guidelines of Shanghai Stock Exchange for the Application of Self-Regulation Rules for the Listed Companies on the SSE STAR Market No. 1 – Regulated Operation of Listed Companies</u> , the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited(hereinafter referred to as the “Hong Kong Listing Rules”), relevant listing rules of the Shanghai Stock Exchange and other laws, regulations and normative documents as well as the Articles of Association of Shanghai Fudan Microelectronics Group Company Limited, and taking into consideration of specific situations of the Company.

No.	Rule	Before Amendments	After Amendments
2.	Article 2	<p>Proceeds represent the funds used for specific purposes and raised from <u>investors through a public offering of securities (including initial public offering of securities, allotment of shares, additional offering, issuance of convertible corporate bonds, corporate bonds cum warrants, corporate bonds, warrants, etc.) and non-public offering of securities by the Company following its application for such offering according to legal procedures and the approval granted by or registered with the China Securities Regulatory Commission or Shanghai Stock Exchange</u>, excluding the funds raised through the equity incentive schemes by the Company. <u>The proceeds shall be verified by an accounting firm with qualifications on securities practice which shall produce a capital verification report thereon.</u></p>	<p>Proceeds represent the funds used for specific purposes and raised from offering of securities through <u>unspecific subjects (including initial public offering of securities, allotment of shares, additional offering, issuance of convertible corporate bonds, corporate bonds cum warrants, etc.) and the funds raised by offering securities to specific subjects</u> excluding the funds raised through the equity incentive schemes by <u>innovation companies</u>.</p>
3.	Article 4	<p>The Company's directors, supervisors and senior management shall, with due diligence and responsibility, oversee the Company in regulating the use of proceeds and consciously safeguard the safety of the Company's proceeds and shall not participate in, assist or connive at the Company's unauthorized or disguised change in the use of proceeds. <u>The board of directors and the supervisor committee of the Company shall enhance their inspection on the utilization of proceeds, to ensure that the funds are invested for the purposes as promised in the prospectus or approved by the general meeting and to check whether the progress and effect of such investment projects reach the levels estimated in the prospectus. Independent directors shall perform necessary duties on whether the investment of such proceeds as well as proceeds management and utilization are in the interests of the Company and investors. The auditors of the Company shall pay attention to the consistency between the deposit and utilization of such proceeds and the information disclosure by the Company.</u></p>	<p>The Company's directors, supervisors and senior management shall, with due diligence and responsibility, oversee the Company in regulating the use of proceeds and consciously safeguard the safety of the Company's proceeds and shall not participate in, assist or connive at the Company's unauthorized or disguised change in the use of proceeds.</p>
4.	Article 6		Deleted

No.	Rule	Before Amendments	After Amendments
5.	Article 7	<p>The Company shall be prudent in selecting commercial banks and opening dedicated account(s) to the proceeds (the “Dedicated Account(s)”). The proceeds shall be, in a timely and fully manner, deposited in such Dedicated Accounts as determined by the board of directors for unified management, which shall not be deposited with any other funds or used for other purposes. <u>The number of the Dedicated Accounts (including those set up by the subsidiaries of and other enterprises controlled by the Company) shall, in principle, not exceed the number of investment projects for the proceeds. The Company shall open another dedicated account separately should there are two or more financing activities.</u></p>	<p><u>Changed as Article 6</u></p> <p>The Company shall be prudent in selecting commercial banks and opening dedicated account(s) to the proceeds (the “Dedicated Account(s)”). The proceeds shall be, in a timely and fully manner, deposited in such Dedicated Accounts as determined by the board of directors for unified management, which shall not be deposited with any other funds or used for other purposes.</p>
6.	Article 8		Deleted

No.	Rule	Before Amendments	After Amendments
7.	Article 9	<p>Within one month upon the availability of the proceeds, the Company shall enter into a trilateral supervision agreement (the “Agreement”) with the sponsor and the commercial bank(s) where the proceeds are deposited (the “Commercial Bank(s)"). The agreement shall at least include the following items:</p> <ol style="list-style-type: none"> 1. The Company shall deposit the proceeds in the Dedicated Accounts; 2. <u>The Company shall timely notify the sponsor, should the former make a one-time withdrawal of more than RMB50 million which represents at least 20% of the total proceeds net of offering expenses (the “Net Proceeds”) or should the Company withdraw a cumulative amount of over RMB50 million which represents at least 20% of the Net Proceeds over 12 months;</u> 3. The Commercial Bank(s) shall provide the Company with monthly banks statements on the Dedicated Accounts, with duplicates sent to the sponsor; 4. The sponsor can make inquiries into the information of the Dedicated Accounts at the Commercial Bank(s) at any time; 5. Liabilities of breach for the Company, the Commercial Bank(s) and the sponsor. <p>In the Agreement, the Company, the sponsor and the Commercial Bank(s) can enter into even stricter regulatory requirements than the above provisions.</p>	<p><u>Changed as Article 7</u></p> <p>Within one month upon the availability of the proceeds, the Company shall enter into a trilateral supervision agreement (the “Agreement”) with the sponsor, <u>the independent financial adviser</u> and the commercial bank(s) where the proceeds are deposited (the “Commercial Bank(s)"). The agreement shall at least include the following items:</p> <ol style="list-style-type: none"> 1. The Company shall deposit the proceeds in the Dedicated Accounts; 2. The Commercial Bank(s) shall provide the Company with monthly banks statements on the Dedicated Accounts, with duplicates sent to the sponsor <u>or the independent financial adviser;</u> 3. The sponsor <u>or the independent financial adviser</u> can make inquiries into the information of the Dedicated Accounts at the Commercial Bank(s) at any time; 4. Liabilities of breach for the Company, the Commercial Bank(s), the sponsor <u>and the independent financial adviser.</u> <p>In the Agreement, the Company, the sponsor, <u>the independent financial adviser</u> and the Commercial Bank(s) can enter into even stricter regulatory requirements than the above provisions.</p>

No.	Rule	Before Amendments	After Amendments
	Article 9 (continued)	<p><u>Within two trading days upon entering into the above Agreement, the Company shall report to the Shanghai Stock Exchange for filing and make a public announcement on the main contents thereof.</u></p> <p>Should the above Agreement be terminated prior to the expiry of its effective period, the Company shall enter into a new agreement with the parties concerned within <u>two weeks</u> upon the termination of the Agreement, <u>report to the Shanghai Stock Exchange for filing within two trading days after the entering into of the new agreement, and make a public announcement.</u></p>	<p><u>Changed as Article 7 (Continued)</u></p> <p><u>As to investment projects financed with the proceeds and implemented through the Company's holding subsidiaries and other subjects, the tripartite regulatory agreement shall be entered into among the Company, the companies which will implement such projects, the Commercial Bank and the sponsor or the independent financial adviser, and the Company and the companies which will implement such projects shall be together deemed as a party.</u></p> <p>Should the above Agreement be terminated prior to the expiry of its effective period <u>due to the reasons such as the change of the Commercial Bank(s), the sponsor or the independent financial adviser,</u> the Company shall enter into a new agreement with the parties concerned within <u>one month</u> upon the termination of the Agreement.</p>
8.	Article 10	<p>The proceeds shall be used for the purposes stated in the prospectus or specification for fund raising. <u>Any change to such purposes is subject to consideration and approval by the board of directors and the general meeting, and upon the issue of an explicit consent by independent directors, the sponsor and the supervisory committee.</u> The Company will make another announcement in a timely manner when there occur significant impacts on plans of proceeds.</p>	<p><u>Changed as Article 8</u></p> <p>The proceeds shall be used for the purposes stated in the prospectus or specification for fund raising. The Company will make another announcement in a timely manner when there occur significant impacts on plans of proceeds.</p>

No.	Rule	Before Amendments	After Amendments
9.	Article 11	<p>In principle, the proceeds shall be used for principal activities of the Company. <u>The proceeds shall not be invested in such projects that constitute financial investments, such as the holding of trading and available-for-sale financial assets, lending, and entrusted wealth management. Nor shall the proceeds be directly or indirectly invested in such companies that are principally engaged in securities trading.</u></p>	<p><u>Changed as Article 9</u></p> <p>In principle, the proceeds shall be used for principal activities of the Company.</p> <p><u>The Company shall not conduct the following acts with the proceeds:</u></p> <ol style="list-style-type: none"> <li data-bbox="963 570 1396 846">1. <u>Invest the proceeds in entrusted wealth management (except for cash management), financial investments such as entrusted loan, securities investments, high-risk investments such as derivative products, or directly or indirectly invest in such companies that are principally engaged in securities trading;</u> <li data-bbox="963 878 1396 963">2. <u>Essentially change the use of proceeds through pledges, entrusted loan or by other means;</u> <li data-bbox="963 995 1396 1240">3. <u>make available the raised funds, whether directly or indirectly, for connected parties such as the controlling shareholder(s) and de facto controller(s), or provide benefits for connected parties for inappropriate gains from the Investment projects for raised funds;</u> <li data-bbox="963 1272 1396 1357">4. <u>engage in other activities that violate the provisions of the proceeds management.</u>
10.	Article 12		<u>Deleted</u>
11.	Article 13		<u>Deleted</u>
12.	Article 14		<u>Deleted</u>

No.	Rule	Before Amendments	After Amendments
13.	Article 15	<p>Should any of the following situations occur to an investment project for the proceeds, the Company shall reexamine the feasibility and expected returns of such project, decide whether to continue with the project and disclose in the latest periodic report the progress of the project, the reasons for its abnormality and a modified <u>investment plan</u> for the proceeds (if any):</p> <ol style="list-style-type: none"> 1. Material changes occur to the market environment which involves the investment project for the proceeds; 2. The project has been shelved for more than one year; 3. The deadline for completing the project has expired and the invested proceeds fail to reach 50% of the planned amount; 4. Other abnormal conditions occur to the project. 	<p><u>Changed as Article 10</u></p> <p>Should any of the following situations occur to an investment project for the proceeds, the Company shall reexamine the feasibility and expected returns of such project, decide whether to continue with the project and disclose in the latest periodic report the progress of the project, the reasons for its abnormality and a modified <u>projects financed by</u> the proceeds (if any):</p> <ol style="list-style-type: none"> 1. Material changes occur to the market environment which involves the investment project for the proceeds; 2. The project has been shelved for more than one year; 3. The deadline for completing the project has expired and the invested proceeds fail to reach 50% of the planned amount; 4. Other abnormal conditions occur to the project.
14.	Article 16		<u>Deleted</u>
15.	Article 17	<p>When the Company subsidizes the investment projects with own funds in advance, its own funds will be replaced by proceeds within six months after receipt of proceeds. Should the Company intend to use the proceeds to replace its self-raised funds which have been invested in the project, such replacement is subject to consideration and approval by the board of directors of the Company, a verification report produced by its accounting firm, an explicit consent issued by independent directors, the board of supervisors and the sponsor regarding such replacement, and the performance of information disclosure obligation by the Company. Within two trading days after the meeting of the board of directors, the Company shall report such replacement to the Shanghai Stock Exchange and make a public announcement.</p>	<p><u>Changed as Article 11</u></p> <p>When the Company subsidizes the investment projects with own funds in advance, its own funds will be replaced by proceeds within six months after receipt of proceeds. Should the Company intend to use the proceeds to replace its self-raised funds which have been invested in the project, such replacement is subject to consideration and approval by the board of directors of the Company, a verification report produced by its accounting firm, an explicit consent issued by independent directors, the board of supervisors, the sponsor <u>and the independent financial adviser</u> regarding such replacement, and the performance of information disclosure obligation by the Company. Within two trading days after the meeting of the board of directors, the Company shall report such replacement to the Shanghai Stock Exchange and make a public announcement.</p>

No.	Rule	Before Amendments	After Amendments
16.	Article 18	<p>The Company may conduct cash management on temporarily idle funds, which can be invested in products subject to <u>the following conditions</u>:</p> <ol style="list-style-type: none"> <li data-bbox="507 538 932 689">1. <u>Safety: The product shall meet the requirement of guaranteeing the principal, with the product issuer able to provide commitment to a guaranteed principal;</u> <li data-bbox="507 725 932 810">2. <u>Liquidity: The product shall not affect the normal operation of the investment plan for the proceeds.</u> <p>Such investment products cannot be pledged. The special settlement account for the product (if applicable) shall not be deposited with any funds other than the proceeds or used for other purposes. For any opening or cancellation of such special settlement accounts, the Company shall report to the Shanghai Stock Exchange for filing and make a public announcement within two trading days.</p>	<p><u>Changed as Article 12</u></p> <p>The Company may conduct cash management on temporarily idle funds, which can be invested in products subject to <u>safety and liquidity, and the product shall not affect the normal operation of the investment plan for the proceeds.</u></p> <p>Such investment products cannot be pledged. The special settlement account for the product (if applicable) shall not be deposited with any funds other than the proceeds or used for other purposes. For any opening or cancellation of such special settlement accounts, the Company shall report to the Shanghai Stock Exchange for filing and make a public announcement within two trading days.</p>

No.	Rule	Before Amendments	After Amendments
	Article 18 (continued)	<p>Any use of the idle proceeds for investment in products is subject to consideration and approval by the board of directors of the Company, as well as the issue of an explicit consent by independent directors, the board of supervisors and the sponsor. The Company shall report to the Shanghai Stock Exchange and announce the following details within two trading days after the meeting of the board of directors:</p> <ol style="list-style-type: none"> 1. Basic information of the proceeds, including the time of fundraising as well as the sum, net amount and investment plan of such proceeds; 2. Utilization of the proceeds; 3. The amount and term of the product(s) invested by the idle proceeds, any deliberate alteration to the use of proceeds, and the measures to ensure normal operation of the investment project for the proceeds; 4. Means of returns distribution, scope of investment and safety of the investment products; 5. Opinions issued by independent directors, the board of supervisors and the sponsor. 	<p><u>Changed as Article 12 (Continued)</u></p> <p>Any use of the idle proceeds for investment in products is subject to consideration and approval by the board of directors of the Company, as well as the issue of an explicit consent by independent directors, the board of supervisors, the sponsor <u>and the independent financial adviser</u>. The Company shall report to the Shanghai Stock Exchange and announce the following details within two trading days after the meeting of the board of directors:</p> <ol style="list-style-type: none"> 1. Basic information of the proceeds, including the time of fundraising as well as the sum, net amount and investment plan of such proceeds; 2. Utilization of the proceeds; 3. The amount and term of the product(s) invested by the idle proceeds, any deliberate alteration to the use of proceeds, and the measures to ensure normal operation of the investment project for the proceeds; 4. Means of returns distribution, scope of investment and safety of the investment products; 5. Opinions issued by independent directors, the board of supervisors, the sponsor <u>and the independent financial adviser</u>.

No.	Rule	Before Amendments	After Amendments
17.	Article 19	<p><u>Without prejudice to process of investment projects and subject to relevant listing rules,</u> the Company may replenish its liquidity with the idle proceeds on a temporary basis, subject to the following <u>conditions</u>:</p> <ol style="list-style-type: none"> 1. The use of proceeds shall not be altered deliberately; 2. <u>Normal operation of the investment plan for such proceeds shall not be affected;</u> 3. Any single act to replenish liquidity shall not exceed 12 months; 4. Repayment has been made to the proceeds previously used to replenish liquidity on a temporary basis (if applicable); 5. <u>An explicit consent has been issued by the sponsor, independent directors and the board of supervisors.</u> <p>Such liquidity replenished by the idle proceeds <u>may only be used for the production and operation concerning the principal business, with no direct or indirect allocation to the placing and subscription of new shares, or the trading of stocks and their derivatives or convertible corporate bonds.</u></p>	<p><u>Changed as Article 13</u></p> <p>The Company may replenish its liquidity with the idle proceeds on a temporary basis, subject to the following <u>requirements</u>:</p> <ol style="list-style-type: none"> 1. The use of proceeds shall not be altered deliberately; <u>normal operation of the investment plan for such proceeds shall not be affected;</u> 2. <u>May only be used for the production and operation concerning the principal business, with no direct or indirect allocation to the placing and subscription of new shares, or the trading of stocks and their derivatives or convertible corporate bonds.</u> 3. Any single act to replenish liquidity shall not exceed 12 months; 4. Repayment has been made to the <u>expired</u> proceeds previously used to replenish liquidity on a temporary basis (if applicable); <p>Such liquidity replenished by the idle proceeds <u>shall be approved by the board of directors of the Company, and an explicit consent shall be issued by the independent directors, the Supervisory Committee and the sponsor. The Company shall report to Shanghai Stock Exchange and make a public announcement within two trading days after the board meeting.</u></p> <p><u>Prior to the date of maturity of the supplemental working capital, the Company shall return such funds to the dedicated account(s), report to Shanghai Stock Exchange and make a public announcement within two trading days upon full repayment of the proceeds.</u></p>
18.	Article 20		<u>Deleted</u>

No.	Rule	Before Amendments	After Amendments
19.	Article 21	<p>Any actual net proceeds in excess of the planned amount (the “Excess Proceeds”) can be used to replenish working capital and repay bank borrowings on a permanent basis, provided that the cumulative amount for every 12 months does not exceed 30% of the total Excess Proceeds.</p> <p>Any use of the Excess Proceeds to permanently replenish working capital and repay bank borrowings is subject to consideration and approval by the board of directors and the general meeting of the Company with the manner of online voting provided for shareholders and explicit consents given by independent directors, the board of supervisors and the sponsor, as well as disclosure of such use. <u>The Company shall undertake not to engage in any high-risk investment or provide others with financial assistance within 12 months after replenishing working capital, and shall make disclosures accordingly.</u> The Company shall report to the Shanghai Stock Exchange and make an announcement containing the following within two trading days after the meeting of its board of directors;</p> <ol style="list-style-type: none"> 1. General information of the relevant fund-raising activity, including the time of the raising, the total and net amount raised excessive amount and the investment plan; 2. <u>Utilization of the proceeds;</u> 	<p>Changed as Article 14</p> <p>Any actual net proceeds in excess of the planned amount (the “Excess Proceeds”) can be used to replenish working capital and repay bank borrowings on a permanent basis, provided that the cumulative amount for every 12 months does not exceed 30% of the total Excess Proceeds, <u>and shall undertake not to engage in any high-risk investment or provide holding subsidiaries with financial assistance within 12 months after replenishing working capital.</u></p> <p><u>The investment funds relating to the principal activities that invested jointly by the Company and professional investing institutions, the marketization of industrial investment fund in poverty area and the investment funds such as the poverty alleviation charity funds are not applicable to the previous article.</u></p> <p>Any use of the Excess Proceeds to permanently replenish working capital and repay bank borrowings is subject to consideration and approval by the board of directors and the general meeting of the Company with the manner of online voting provided for shareholders and explicit consents given by independent directors, the board of supervisors, the sponsor <u>and the independent financial adviser,</u> as well as disclosure of such use. The Company shall report to the Shanghai Stock Exchange and make an announcement containing the following within two trading days after the meeting of its board of directors;</p> <ol style="list-style-type: none"> 1. General information of the relevant fund-raising activity, including the time of the raising, the total and net amount raised excessive amount and the investment plan; 2. <u>Undertaking of not engaging in any high-risk investment or provide others with financial assistance within 12 months after replenishing working capital;</u>

No.	Rule	Before Amendments	After Amendments
	Article 21 (continued)	<p>3. <u>Necessity of and detailed plans for permanently using the Excess Proceeds to replenish working capital or repay bank loans;</u></p> <p>4. Undertaking of not engaging in any high-risk investment or provide others with financial assistance within 12 months after replenishing working capital;</p> <p>5. <u>Impact on the Company from using the Excess Proceeds to permanently replenish working capital or repay bank loans;</u></p> <p>6. Opinions issued by independent directors, the <u>board of supervisors</u> and the sponsor.</p>	<p><u>Changed as Article 14 (Continued)</u></p> <p>3. Opinions issued by independent directors, <u>the Supervisory Committee, the sponsor and the independent financial adviser.</u></p>
20.			<p><u>Article 15</u></p> <p><u>In case the excess proceeds are used on the project under construction and new projects (including acquired assets), the Company shall invest in its principal activities and conduct feasibility analysis scientifically and diligently, and submit to the board of directors for consideration and approval, while the independent directors, the Supervisory Committee, the sponsor or the independent financial adviser shall explicitly express their consents and discharge its duty of disclosure in a timely manner.</u></p> <p><u>In case the Company plans to use 50 million of the excess proceeds for a single time, reaching more than 10% of the total amount of the excess proceeds, it shall submit to the general meeting for consideration and approval.</u></p>

No.	Rule	Before Amendments	After Amendments
21.			<p>Article 16</p> <p><u>Should the Company intend to apply the remaining proceeds (including interest income) for a separate project financed by the proceeds upon its completion to another or all investment projects, the Company shall seek consideration and approval by its board of directors, as well as explicit consents given by independent directors, the Supervisory Committee, the sponsor and the independent financial adviser. The Company shall report to Shanghai Stock Exchange and make a public announcement within two trading days after the meeting of the board of directors.</u></p> <p><u>Any remaining proceeds (including interest income) that fall below RMB1.00 million are exempt from the procedure set out in the previous articles. Nonetheless, the utilization of such remaining proceeds shall be disclosed in the annual report.</u></p>
22.	Article 22	<p>Any occurrence of the following events in the Company is deemed to be a change of the use of proceeds:</p> <ol style="list-style-type: none"> 1. Cancellation of the original project financed by the proceeds and implementation of a new project; 2. Change of the subject of implementation of an project financed by the proceeds; 3. Change of the way of implementation of an project financed by the proceeds; 4. Any other situation deemed by the Shanghai Stock Exchange as a change of the use of proceeds. 	<p>Changed as Article 17</p> <p>Any occurrence of the following events in the Company is deemed to be a change of the use of proceeds:</p> <ol style="list-style-type: none"> 1. Cancellation of the original project financed by the proceeds, implementation of a new project <u>and replenish working capital</u>; 2. Change of the subject of implementation of an project financed by the proceeds, <u>except for the change between the Company and its wholly owned or holding subsidiaries</u>; 3. Change of the way of implementation of an project financed by the proceeds; 4. Any other situation deemed by the Shanghai Stock Exchange as a change of the use of proceeds.

No.	Rule	Before Amendments	After Amendments
23.	Article 23	<p>Any change to the use of proceeds shall be conditional on the consideration by its board of directors and approval acquired at the general meeting by resolution as well as explicit consents given by independent directors, the sponsor and the supervisory committee.</p>	<p><u>Changed as Article 18</u></p> <p>Any change to the use of proceeds shall be conditional on the consideration by its board of directors and approval acquired at the general meeting by resolution as well as explicit consents given by independent directors, the sponsor <u>or the independent financial adviser</u> and the supervisory committee.</p> <p><u>Any change to the location of implementing the project financed by the proceeds only can exempt from the previous procedure but is subject to consideration and approval by the board of directors of the Company. The Company shall make a public announcement within two trading days upon such approval with reasons on the changes and an opinion issued by the sponsor or the independent financial adviser.</u></p>
24.	Article 24	<p>The board of directors of the Company shall exercise caution in the feasibility analysis of new projects financed by the proceeds following the proposed changes until it is satisfied that such investment projects possess good market prospects and profitability and can effectively prevent investment risks and raise the utilization efficiency of the proceeds. <u>In principle</u>, the proceeds shall be invested in the principal activities of the Company following its change <u>to the use of proceeds</u>.</p>	<p><u>Changed as Article 19</u></p> <p>The board of directors of the Company shall exercise caution in the feasibility analysis of new projects financed by the proceeds following the proposed changes until it is satisfied that such investment projects possess good market prospects and profitability and can effectively prevent investment risks and raise the utilization efficiency of the proceeds. The proceeds shall be invested in the principal activities of the Company following its change.</p>

No.	Rule	Before Amendments	After Amendments
25.	Article 25	<p>For any intention to change <u>the use of proceeds</u>, the Company shall submit a proposal to the board of directors for consideration, report to the Shanghai Stock Exchange and make an announcement containing the followings within two trading days upon such submission:</p> <ol style="list-style-type: none"> 1. General information of the original project and specific reasons for the change; 2. General information of the new project, <u>feasibility analysis</u> and risk reminders; 3. An investment plan for the new project; 4. A description of the new project in relation to its approval obtained or to be obtained from relevant authorities, if applicable; 5. Opinions issued by independent directors, the board of supervisors and the sponsor in relation to the change to <u>the use of proceeds</u>; 6. A description of such changes to the use of proceeds pending on consideration at the general meeting; 7. Any other information required by the Shanghai Stock Exchange. <p>Should a new project financed by the proceeds involve any related party transaction, asset purchase or external investment, the Company shall make disclosures in accordance with the requirements of relevant rules.</p>	<p><u>Changed as Article 20</u></p> <p>For any intention to change <u>the projects financed by the proceeds</u>, the Company shall submit a proposal to the board of directors for consideration, report to the Shanghai Stock Exchange and make an announcement containing the followings within two trading days upon such submission:</p> <ol style="list-style-type: none"> 1. General information of the original project and specific reasons for the change; 2. General information of the new project and risk reminders; 3. An investment plan for the new project; 4. A description of the new project in relation to its approval obtained or to be obtained from relevant authorities, if applicable; 5. Opinions issued by independent directors, the board of supervisors and the sponsor in relation to the change to <u>the projects financed by the proceeds</u>; 6. A description of such changes to the use of proceeds pending on consideration at the general meeting; 7. Any other information required by the Shanghai Stock Exchange. <p>Should a new project financed by the proceeds involve any related party transaction, asset purchase or external investment, the Company shall make disclosures in accordance with the requirements of relevant rules.</p>
26.	Article 26		<u>Deleted</u>

No.	Rule	Before Amendments	After Amendments
27.	Article 27	<p>For any intention to transfer or replace the projects financed by the proceeds (excluding the transfer or replacement during the material asset restructuring by the Company), the Company shall report to the Shanghai Stock Exchange and make an announcement containing the following within two trading days upon consideration and approval by the board of directors:</p> <ol style="list-style-type: none"> 1. Specific reasons for transferring or replacing the project financed by the proceeds; 2. The amount of proceeds invested in the project; 3. Stage of completion of and benefits realized by the project; 4. General information of the new project, <u>feasibility analysis</u> and risk reminders (if applicable); 5. Basis of pricing and relevant gains for such transfer or replacement; 6. Opinions issued by independent directors, the supervisory committee and the sponsor in relation to the transfer or replacement of the project financed by the proceeds; 7. A description regarding the transfer or replacement of the project financed by the proceed pending on consideration at the general meeting; 8. Any other information required by the Shanghai Stock Exchange. <p>The Company shall pay close attention to the receipt and utilization of the transfer consideration, the ownership changes to the assets transferred in and their ongoing operation, and perform its obligation of required information disclosure.</p>	<p><u>Changed as Article 21</u></p> <p>For any intention to transfer or replace the projects financed by the proceeds (excluding the transfer or replacement during the material asset restructuring by the Company), the Company shall report to the Shanghai Stock Exchange and make an announcement containing the following within two trading days upon consideration and approval by the board of directors:</p> <ol style="list-style-type: none"> 1. Specific reasons for transferring or replacing the project financed by the proceeds; 2. The amount of proceeds invested in the project; 3. Stage of completion of and benefits realized by the project; 4. General information of the new project and risk reminders (if applicable); 5. Basis of pricing and relevant gains for such transfer or replacement; 6. Opinions issued by independent directors, the supervisory committee, the sponsor <u>and the independent financial adviser</u> in relation to the transfer or replacement of the project financed by the proceeds; 7. A description regarding the transfer or replacement of the project financed by the proceed pending on consideration at the general meeting; 8. Any other information required by the Shanghai Stock Exchange. <p>The Company shall pay close attention to the receipt and utilization of the transfer consideration, the ownership changes to the assets transferred in and their ongoing operation, and perform its obligation of required information disclosure.</p>
28.	Article 28		<u>Deleted</u>

No.	Rule	Before Amendments	After Amendments
29.	Article 29		Deleted
30.	Article 30		Deleted
31.	Article 31		Deleted
32.	Article 32	<p>The Company shall provide a true, accurate and complete disclosure of the actual utilization of the proceeds. The board of directors shall conduct a comprehensive inspection on the progress of the investment projects for the proceeds every six months, produce a Special Report on the Deposit and Actual Utilization of the Proceeds of the Company, <u>and make disclosures. During its annual audit, the Company shall engage an accounting firm to produce a verification report on the deposit and utilization of the proceeds.</u></p> <p>The Special Report on the <u>Deposit and Actual Utilization of the Proceeds of the Company</u> is subject to consideration and approval by the board of directors and the board of supervisors; and the Company shall report to the Shanghai Stock Exchange and make a public announcement within two trading days upon submission to the board of directors for consideration.</p> <p>The Company shall provide specific reasons for any discrepancy between the actual investment progress of the investment projects for the proceeds and its investment plan. For any investment of idle proceeds in products during the period, the Company shall disclose the returns for the reporting period as well as the closing investment shares, signing parties, product names and terms of such products.</p>	<p><u>Changed as Article 22</u></p> <p>The Company shall provide a true, accurate and complete disclosure of the actual utilization of the proceeds. The board of directors shall conduct a comprehensive inspection on the progress of the investment projects for the proceeds every six months, produce a Special Report on the Deposit and Actual Utilization of the Proceeds of the Company <u>(hereinafter, “The Special Report on the Proceeds”)</u> regarding the deposit of the proceeds and its utilization.</p> <p>The Special Report on the Proceeds is subject to consideration and approval by the board of directors and the board of supervisors; and the Company shall report to the Shanghai Stock Exchange and make a public announcement within two trading days upon submission to the board of directors for consideration. <u>During its annual audit, the Company shall engage an accounting firm to produce a verification report on the deposit and utilization of the proceeds and make a disclosure on annual report.</u></p> <p>The Company shall provide specific reasons <u>on the Special Report on the Proceeds</u> for any discrepancy between the actual investment progress of the investment projects for the proceeds and its investment plan. For any investment of idle proceeds in products during the period, the Company shall disclose the returns <u>on the Special Report on the Proceeds</u> for the reporting period as well as the closing investment shares, signing parties, product names and terms of such products.</p>

No.	Rule	Before Amendments	After Amendments
33.	Article 33	<p>Independent directors, <u>the audit committee of the board of directors, and the supervisory committee</u> shall pay attention to any discrepancy between the actual utilization of the proceeds and the information disclosure of the Company. More than half of independent directors, <u>the audit committee of the board of directors, and the supervisory committee</u> may engage an accounting firm to produce a verification report on the deposit and utilization of the proceeds. The Company shall cooperate actively and bear the necessary expenses.</p> <p>Within two trading days upon receiving the aforementioned verification report, the board of directors shall report to the Shanghai Stock Exchange and make a public announcement. Should the verification report present the view that there is a breach in the proceeds management and utilization by the Company, the board of directors shall also announce such breaches concerning the deposit and utilization of the proceeds, any existing or potential consequences, and any measures in place or to be taken.</p>	<p><u>Changed as Article 23</u></p> <p>Independent directors shall pay attention to any discrepancy between the actual utilization of the proceeds and the information disclosure of the Company. More than half of independent directors may engage an accounting firm to produce a verification report on the deposit and utilization of the proceeds. The Company shall cooperate actively and bear the necessary expenses.</p> <p>Within two trading days upon receiving the aforementioned verification report, the board of directors shall report to the Shanghai Stock Exchange and make a public announcement. Should the verification report present the view that there is a breach in the proceeds management and utilization by the Company, the board of directors shall also announce such breaches concerning the deposit and utilization of the proceeds, any existing or potential consequences, and any measures in place or to be taken.</p>

No.	Rule	Before Amendments	After Amendments
34.	Article 34	<p>The sponsor shall conduct at least one on-site investigation into the deposit and utilization of the proceeds of the Company every six months.</p> <p>Upon conclusion of each fiscal year, the sponsor shall produce a special inspection report on the deposit and utilization of the proceeds of the Company for the year, and submit the report to the stock exchange where the Company is listed when releasing its annual report. The inspection report shall contain the following details:</p> <ol style="list-style-type: none"> 1. Deposit and utilization of the proceeds as well as the balance of the Dedicated Account(s); 2. Progress of the projects for the proceeds, including its difference from the progress set out in the investment plan for the proceeds; 3. Replacement of self-raised funds already invested in investment projects with the proceeds (if applicable); 4. Replenishment of liquidity with idle proceeds and its effect (if applicable); 5. Utilization of the Excess Proceeds (if applicable); 6. Change of investment direction for the proceeds (if applicable); 7. Conclusive opinion on the compliance of the deposit and utilization of the proceeds of the Company; and 8. Any other requirements from the Shanghai Stock Exchange. 	<p><u>Changed as Article 24</u></p> <p>The sponsor <u>or the independent financial adviser</u> shall conduct at least one on-site investigation into the deposit and utilization of the proceeds of the Company every six months.</p> <p>Upon conclusion of each fiscal year, the sponsor <u>or the independent financial adviser</u> shall produce a special inspection report on the deposit and utilization of the proceeds of the Company for the year, and submit the report to the stock exchange where the Company is listed when releasing its annual report. The inspection report shall contain the following details:</p> <ol style="list-style-type: none"> 1. Deposit and utilization of the proceeds as well as the balance of the Dedicated Account(s); 2. Progress of the projects for the proceeds, including its difference from the progress set out in the investment plan for the proceeds; 3. Replacement of self-raised funds already invested in investment projects with the proceeds (if applicable); 4. Replenishment of liquidity with idle proceeds and its effect (if applicable); 5. Utilization of the Excess Proceeds (if applicable); 6. Change of investment direction for the proceeds (if applicable); 7. Conclusive opinion on the compliance of the deposit and utilization of the proceeds of the Company; and 8. Any other requirements from the Shanghai Stock Exchange.

No.	Rule	Before Amendments	After Amendments
	Article 34 (continued)	Upon conclusion of each fiscal year, the board of directors of the Company shall disclose in the Special Report on the Proceeds the conclusive opinions from the special inspection report of the sponsor and the verification report of the accounting firm.	<u>Changed as Article 24 (Continued)</u> Upon conclusion of each fiscal year, the board of directors of the Company shall disclose in the Special Report on the Proceeds the conclusive opinions from the special inspection report of the sponsor <u>or the independent financial adviser</u> and the verification report of the accounting firm.
35.			<u>Article 25</u> <u>The projects financed by the proceeds implemented through the subsidiaries of the Company or other enterprises controlled by the Company are applicable to the relevant provisions of this System.</u>
36.	Article 35		<u>Changed as Article 26</u>
37.	Article 36		<u>Changed as Article 27</u>
38.	Article 37	The System shall come into effect after the approval at a general meeting of the Company and shall take effect on the date of the initial public offering and listing of shares of the Company at a stock exchange <u>within the PRC (for the purpose of the System, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)</u> upon approval at a general meeting of the Company.	<u>Changed as Article 28</u> The System shall come into effect after the approval at a general meeting of the Company and shall take effect on the date of the initial public offering and listing of shares of the Company at a <u>domestic</u> stock exchange upon approval at a general meeting of the Company.
39.	Article 38	The System is not applicable to utilization and management of proceeds from overseas-listed foreign shares (H shares), and utilization and management of proceeds from H shares shall comply with relevant provisions issued by Hong Kong Securities and Futures Commission and The Stock Exchange of Hong Kong Limited and of the Hong Kong Listing Rules. <u>If procedures such as approval, registration, filing and information disclosure are required within the PRC according to China Securities Regulatory Commission, the Shanghai Stock Exchange and other requirements, the Company shall comply with the above relevant requirements.</u>	<u>Changed as Article 29</u> The System is not applicable to utilization and management of proceeds from overseas-listed foreign shares (H shares), and utilization and management of proceeds from H shares shall comply with relevant provisions issued by Hong Kong Securities and Futures Commission and The Stock Exchange of Hong Kong Limited and of the Hong Kong Listing Rules.
40.	Article 39		<u>Deleted</u>
41.	Article 40		<u>Changed as Article 30</u>

This appendix 7 sets out the rules for management of related party transactions which was approved in the extraordinary general meeting held on 3 June 2019 (“Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information.

The English version in this Appendix 7 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Rule	Before Amendments	After Amendments
1.	Article 1	In order to regulate related party transactions (referred to as “related transactions” under the Hong Kong Listing Rules, same hereinafter) of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Company”), ensure the fairness and reasonableness of related party transactions and safeguard the interests of the Company and its shareholders, the Shanghai Fudan Microelectronics Group Company Limited Rules for Management of Related Party Transactions (hereinafter, the “Rules”) in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Articles of Association of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), <u>the relevant listing rules of Shanghai Stock Exchange</u> and other relevant laws, regulations and regulatory documents.	In order to regulate related party transactions (referred to as “related transactions” under the Hong Kong Listing Rules, same hereinafter) of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Company”), ensure the fairness and reasonableness of related party transactions and safeguard the interests of the Company and its shareholders, the Shanghai Fudan Microelectronics Group Company Limited Rules for Management of Related Party Transactions (hereinafter, the “Rules”) in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Articles of Association of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), <u>Rules Governing the Listing of Stocks on the Sci-Tech Innovation Board of Shanghai Stock Exchange (hereinafter referred to as the “Sci-Tech Innovation Board Listing Rules”)</u> and other relevant laws, regulations and regulatory documents.
2.	Article 2	The Company implements categorized management for related party transactions, determines the scope of related parties in accordance with the Hong Kong Listing Rules, <u>the relevant listing rules of Shanghai Stock Exchange</u> and other relevant laws and regulations and complies with the requirements for approval and information disclosure in accordance with the relevant rules, laws and regulations. When conducting transactions, the Company shall consider the circumstances in accordance with the Hong Kong Listing Rules and <u>the relevant listing rules of Shanghai Stock Exchange</u> and apply the more exacting rules of them in determining whether the parties	The Company implements categorized management for related party transactions, determines the scope of related parties in accordance with the Hong Kong Listing Rules, <u>Sci-Tech Innovation Board Listing Rules</u> and other relevant laws and regulations and complies with the requirements for approval and information disclosure in accordance with the relevant rules, laws and regulations. When conducting transactions, the Company shall consider the circumstances in accordance with the Hong Kong Listing Rules and <u>Sci-Tech Innovation Board Listing Rules</u> and apply the more exacting rules of them in determining whether the parties involved in the transactions

No.	Rule	Before Amendments	After Amendments
	Article 2 (continued)	involved in the transactions are related parties, whether the transactions constitute related party transactions, and determining the applicable decision-making procedures and disclosure requirements.	are related parties, whether the transactions constitute related party transactions, and determining the applicable decision-making procedures and disclosure requirements.
3.	Article 4	The general meeting and the Board of Directors of the Company shall supervise, manage and approve related party transactions of the Company in accordance with the Hong Kong Listing Rules, <u>the relevant listing rules of Shanghai Stock Exchange</u> and the Articles of Association. The Finance Department shall be responsible for the daily management of related party transactions, formulating the pricing principles of related party transactions, accounting of amounts involved in related party transactions, assisting the secretary of the Board of Directors in disclosure of related party transactions and monitoring the annual cap requirements for continuing related party transactions. The secretary to the Board of Directors shall be responsible for the disclosure of information on related party transactions.	The general meeting and the Board of Directors of the Company shall supervise, manage and approve related party transactions of the Company in accordance with the Hong Kong Listing Rules, <u>Sci-Tech Innovation Board Listing Rules</u> and the Articles of Association. The Finance Department shall be responsible for the daily management of related party transactions, formulating the pricing principles of related party transactions, accounting of amounts involved in related party transactions, assisting the secretary of the Board of Directors in disclosure of related party transactions and monitoring the annual cap requirements for continuing related party transactions. The secretary to the Board of Directors shall be responsible for the disclosure of information on related party transactions.
4.	Article 5	Related parties of the Company include related legal persons and related natural persons, whose definitions are subject to the Hong Kong Listing Rules, <u>the relevant listing rules of Shanghai Stock Exchange</u> and relevant laws and regulations.	Related parties of the Company include related legal persons and related natural persons, whose definitions are subject to the Hong Kong Listing Rules, <u>Sci-Tech Innovation Board Listing Rules</u> and relevant laws and regulations.

No.	Rule	Before Amendments	After Amendments
5.	Article 6	<p>In accordance with <u>the relevant listing rules of Shanghai Stock Exchange</u>, a legal person shall be a related <u>legal</u> person of the Company if he/she meets any of the following circumstances:</p> <ol style="list-style-type: none"> 1. <u>legal persons or other organizations which directly or indirectly controlling the Company;</u> 2. <u>legal persons or other organizations directly holding 5% or above of shares in the Company;</u> 3. <u>legal persons or other organizations which are directly or indirectly controlled by the related legal persons specified in Item (I) and Item (II) under this Article 6 or the related natural persons as specified in Items (I) to (V) under Article 7 of the Rules, or in which the aforesaid related natural persons acting as directors or senior management members, other than the Company and its majority-owned subsidiaries;</u> 4. <u>legal persons or other organizations indirectly holding 5% or above of the shares in the Company;</u> 5. <u>other legal persons as identified by China Securities Regulatory Commission (CSRC), the Shanghai Stock Exchange or the Company based on the principle of substance over form, to whom the Company's interest may be in their favour due to their special relationships with the Company. <u>Where the Company and legal persons or other organizations directly or indirectly controlled by such legal persons or other organizations as mentioned in Item (I) of this Article 6 are under the control of the same state-owned asset management authority, no related party relationship will be constituted as a result, unless the legal representative, general manager or the majority of the directors of such legal person are also directors, supervisors or senior management members of the company.</u></u> 	<p>In accordance with <u>Sci-Tech Innovation Board Listing Rules</u>, a legal person shall be a related person of the Company if he/she meets any of the following circumstances:</p> <ol style="list-style-type: none"> 1. <u>natural persons</u>, legal persons or other organizations which directly or indirectly controlling the Company; 2. <u>natural persons</u> directly or indirectly holding 5% or above of shares in the Company; 3. <u>a director, supervisor and senior management personnel of the Company;</u> 4. <u>a close family members of the persons referred to in Items (I), (II) and (III), including spouse, children aged 18 or above and his/her spouse, parents and parents-in-law, siblings and his/her spouse, brother-in-law and sister-in-law and parents-in-law of offspring;</u> 5. <u>legal persons or other organizations directly holding 5% or above of the shares in the Company;</u> 6. <u>legal persons or directors, supervisors, senior management personnel or other responsible officers of other organizations directly or indirectly controlling the Company;</u> 7. <u>related legal persons or related natural persons specified in Item (I) to (VI) under this Article which directly or indirectly controlled, or in which the aforesaid related natural persons (except for independent directors) acting as directors or senior management personnel whose are legal persons or other organizations, except for the Company and its majority-owned subsidiaries;</u> 8. <u>legal persons or other organizations indirectly holding 5% or above of the shares in the Company;</u> 9. <u>other natural persons, legal persons or other organizations as identified by China Securities Regulatory Commission (hereinafter, "CSRC"), the Shanghai Stock Exchange (hereinafter, "SSE") or the Company based on the principle of substance over form, to whom the</u>

No.	Rule	Before Amendments	After Amendments
	Article 6 (continued)		<p>Company's interest may be in their favour due to their special relationships with the Company.</p> <p><u>Where the Company and legal persons or other organizations directly or indirectly controlled by such legal persons or other organizations as mentioned in Item (I) of this Article 6 are under the control of the same state-owned asset management authority, no related party relationship will be constituted as a result, unless the legal representative, general manager or the majority of the directors of such legal person are also directors, supervisors or senior management personnel of the company.</u></p>
6.	Article 7		Deleted
7.	Article 8	<p>In accordance with the <u>relevant listing rules of Shanghai Stock Exchange</u>, a legal person or organization or natural person shall be deemed as a related party of the Company if he/she meets any of the <u>following</u> circumstances:</p> <p>I. <u>according to an agreement or other arrangement entered into between him/her/it and the Company or its related party, he/she/it falls under any of the circumstances specified in Article 6 or Article 7 of the Rules after such agreement or arrangement has come into effect, or within the next twelve months;</u></p> <p>II. <u>he/she/it has been under any of the circumstances specified in Article 6 or Article 7 of the Rules in the past twelve months.</u></p>	<p><u>Changed as Article 7</u></p> <p>In accordance with the <u>Sci-Tech Innovation Board Listing Rules</u>, a legal person, organization or natural person shall be deemed as a related party of the Company if he/she meets any of the circumstances specified in Article 6 within twelve months before the date of transaction, when the <u>relevant transaction agreement has come into effect or within twelve months upon the implementation.</u></p>
8.	Article 9		<u>Changed as Article 8</u>
9.	Article 10		<u>Changed as Article 9</u>
10.	Article 11		<u>Changed as Article 10</u>
11.	Article 12		<u>Changed as Article 11</u>
12.	Article 13		<u>Changed as Article 12</u>

No.	Rule	Before Amendments	After Amendments
13.	Article 14	<p>Transactions shall include capital-based transactions and revenue-based transactions, whether or not such transactions are conducted in the ordinary course of business of the Company. In addition to <u>the exceptions prescribed</u> in the Hong Kong Listing Rules, the following categories of transactions shall be also included:</p> <p>I. The purchase or sale of assets, including those deemed disposal as set out in the Hong Kong Listing Rules;</p> <p>II. Granting, accepting, transferring, exercising, not exercising or terminating an option to purchase or sell assets or subscribe for securities; If an option is terminated in accordance with the terms of the original contract and no penalty, damages or other compensation payable by the Group is involved, such termination of option does not constitute a transaction;</p> <p>III. Entering into or terminating financial leases or operating leases or subleases (including leases or subleases of properties);</p> <p>IV. Giving indemnification or providing or receiving financial support. "Financial support" includes the granting of credit, loan, or providing indemnification, guarantee or mortgage in respect of loan;</p> <p>V. Entering into an agreement or arrangement for the establishment of a joint venture in any form (such as a partnership or a company), or joint venture arrangement of any other form;</p> <p>VI. Issuing new securities of the Company or its subsidiaries;</p> <p>VII. Providing or receiving labor services;</p> <p>VIII. External investment (including entrusted financing, entrusted loan, investments in subsidiaries, etc. other than purchase of bank wealth management products);</p>	<p><u>Changed as Article 13</u></p> <p>Transactions shall include capital-based transactions and revenue-based transactions, whether or not such transactions are conducted in the ordinary course of business of the Company. In addition to the Hong Kong Listing Rules, <u>Sci-Tech Innovation Board Listing Rules and the relevant laws and regulations otherwise agreed herein</u>, the following categories of transactions shall be also included:</p> <p>I. The purchase or sale of assets, including those deemed disposal as set out in the Hong Kong Listing Rules;</p> <p>II. Granting, accepting, transferring, exercising, not exercising or terminating an option to purchase or sell assets or subscribe for securities; If an option is terminated in accordance with the terms of the original contract and no penalty, damages or other compensation payable by the Group is involved, such termination of option does not constitute a transaction;</p> <p>III. Entering into or terminating financial leases or operating leases or subleases (including leases or subleases of properties);</p> <p>IV. Giving indemnification or providing or receiving financial support. "Financial support" includes the granting of credit, loan, or providing indemnification, guarantee or mortgage in respect of loan;</p> <p>V. Entering into an agreement or arrangement for the establishment of a joint venture in any form (such as a partnership or a company), or joint venture arrangement of any other form;</p> <p>VI. Issuing new securities of the Company or its subsidiaries;</p> <p>VII. Providing or receiving labor services;</p> <p>VIII. External investment (including entrusted financing, entrusted loan, investments in subsidiaries, etc. other than purchase of bank wealth management products);</p>

No.	Rule	Before Amendments	After Amendments
	Article 14 (continued)		<u>Changed as Article 13 (Continued)</u>
		IX. Providing guarantees (including guarantees in favour of subsidiaries);	IX. Providing guarantees (including guarantees in favour of subsidiaries);
		X. Lease in or out of assets;	X. Lease in or out of assets;
		XI. Entering into management contract (including entrusting or being entrusted to manage assets and business, etc.);	XI. Entering into management contract (including entrusting or being entrusted to manage assets and business, etc.);
		XII. Donating assets or receiving the donated assets;	XII. Donating assets or receiving the donated assets;
		XIII. Restructuring of creditor's rights or debts;	XIII. Restructuring of creditor's rights or debts;
		XIV. Entering into a licensing agreement;	XIV. Entering into a licensing agreement;
		XV. Transfer or acceptance of research and development projects;	XV. Transfer or acceptance of research and development projects;
		XVI. Purchasing or selling raw materials, fuels and power;	XVI. Purchasing or selling raw materials, fuels and power;
		XVII. Purchasing or selling products or commodities;	XVII. Purchasing or selling products or commodities;
		XVIII. Entrusting or being entrusted to purchase and sell;	XVIII. Entrusting or being entrusted to purchase and sell;
		XIX. Placing deposit in or obtaining loan from a finance company of the related parties;	XIX. Placing deposit in or obtaining loan from a finance company of the related parties;
		XX. Investing jointly with the related parties;	XX. Investing jointly with the related parties;
		XXI. Providing, accepting or sharing services;	XXI. Providing, accepting or sharing services;
		XXII. Other matters that may result in the transfer of resources or obligations through agreement; or	XXII. <u>Provision of financial assistance:</u>
		XXIII. Other matters that the stock exchange where the Company is listed considers to be related transactions.	XXIII. Other matters that may result in the transfer of resources or obligations through agreement; or
			XXIV. Other matters that the stock exchange where the Company is listed considers to be related transactions.

No.	Rule	Before Amendments	After Amendments
14.	Article 15	<p>The Company shall, in accordance with the test method of the Hong Kong Listing Rules, distinguish the categories of related transaction, and comply with or obtain waiver from complying with the requirements of reporting, announcement, and approval of independent shareholders when signing an agreement. In general, any related transaction that not being expressly exempted under the Hong Kong Listing Rules must comply with the requirements of reporting, announcement, and approval of independent shareholders; among which</p> <p>I. Reporting refers to the disclosure of relevant details in the annual reports and financial statements of the Company after its listing;</p> <p>II. Announcement shall include notification to the Stock Exchange of Hong Kong Limited and announcement on the website of the Stock Exchange and the website of the Company;</p> <p>III. If the approval of independent shareholder is required, the Company shall form an independent board committee and appoint an independent financial adviser. The Company shall prepare circulars to be distributed to shareholders and send to shareholders before the time required by the Hong Kong Listing Rules prior to the general meeting. All related persons who have a material interest in the transaction shall waive their voting rights at the general meeting.</p>	<p><u>Changed as Article 14</u></p> <p><u>In addition to the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules and the relevant laws and regulations otherwise agreed herein</u>, the Company shall, in accordance with the test method of the Hong Kong Listing Rules, distinguish the categories of related transaction, and comply with or obtain waiver from complying with the requirements of reporting, announcement, and approval of independent shareholders when signing an agreement. In general, any related transaction that not being expressly exempted under the Hong Kong Listing Rules must comply with the requirements of reporting, announcement, and approval of independent shareholders; among which</p> <p>I. Reporting refers to the disclosure of relevant details in the annual reports and financial statements of the Company after its listing;</p> <p>II. Announcement shall include notification to the Stock Exchange of Hong Kong Limited and announcement on the website of the Stock Exchange and the website of the Company;</p> <p>III. If the approval of independent shareholder is required, the Company shall form an independent board committee and appoint an independent financial adviser. The Company shall prepare circulars to be distributed to shareholders and send to shareholders before the time required by the Hong Kong Listing Rules prior to the general meeting. All related persons who have a material interest in the transaction shall waive their voting rights at the general meeting.</p>

No.	Rule	Before Amendments	After Amendments
15.	Article 16	<p>The term of “continuing related transaction” refers to the related transaction that are expected to be conducted continuously or frequently for a period of time and involve the provision of financial support, services or goods. In addition to determine whether the related transaction is required to comply with the requirement of reporting, announcement, and approval of independent shareholders when signing the agreement, it is necessary to continuously monitor whether the implementation and amount exceed the annual caps, and the Company shall re-comply with the Hong Kong Listing Rules when there are significant changes in the terms of the agreement, the amount exceeds the annual cap or the agreement is renewed.</p>	<p><u>Changed as Article 15</u></p> <p><u>In addition to the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules and the relevant laws and regulations otherwise agreed herein</u>, the term of “continuing related transaction” refers to the related transaction that are expected to be conducted continuously or frequently for a period of time and involve the provision of financial support, services or goods. In addition to determine whether the related transaction is required to comply with the requirement of reporting, announcement, and approval of independent shareholders when signing the agreement, it is necessary to continuously monitor whether the implementation and amount exceed the annual caps, and the Company shall re-comply with the Hong Kong Listing Rules when there are significant changes in the terms of the agreement, the amount exceeds the annual cap or the agreement is renewed.</p>
16.	Article 17	<p>The Company shall, in accordance with relevant regulations, sign a written agreement with the related parties in respect of each related transaction (including exempted related transaction), setting out the calculation standard of the payment. The term of the agreement must be fixed and in line with normal commercial terms. Unless permitted in the Hong Kong Listing Rules, the term of a continuing related transaction agreement shall not exceed three years. A maximum annual amount (“cap”) is required for each continuing related transaction and the Company shall disclose its baseline of calculation. The annual cap must be expressed in terms of currency value, instead of its percentage of annual earnings of the Company. The Company shall refer to the historical transactions and data identified in its published data when setting the cap. If the Company did not conduct such transactions in the past, a cap shall be set on reasonable assumptions and details of the assumptions shall be disclosed.</p>	<p><u>Changed as Article 16</u></p> <p><u>In addition to the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules and the relevant laws and regulations otherwise agreed herein</u>, the Company shall, in accordance with relevant regulations, sign a written agreement with the related parties in respect of each related transaction (including exempted related transaction), setting out the calculation standard of the payment. The term of the agreement must be fixed and in line with normal commercial terms. Unless permitted in the Hong Kong Listing Rules, the term of a continuing related transaction agreement shall not exceed three years. A maximum annual amount (“cap”) is required for each continuing related transaction and the Company shall disclose its baseline of calculation. The annual cap must be expressed in terms of currency value, instead of its percentage of annual earnings of the Company. The Company shall refer to the historical transactions and data identified in its published data when setting the cap. If the Company did not conduct such transactions in the past, a cap shall be set on reasonable assumptions and details of the assumptions shall be disclosed.</p>

No.	Rule	Before Amendments	After Amendments
	Article 17 (continued)	If the related transaction exceeds the cap during the implementation or the agreement needs to be changed or to be renewed, it's necessary to re-approve in accordance with the procedures stipulated in the Hong Kong Listing Rules and the provisions of the Rules and comply with the relevant requirements of the Hong Kong Listing Rules.	<u>Changed as Article 16 (continued)</u> If the related transaction exceeds the cap during the implementation or the agreement needs to be changed or to be renewed, it's necessary to re-approve in accordance with the procedures stipulated in the Hong Kong Listing Rules and the provisions of the Rules and comply with the relevant requirements of the Hong Kong Listing Rules.
17.	Article 18	<p>If any of the following criteria is met, transactions between the Company and its related parties shall be disclosed <u>by announcement on the website of the Shanghai Stock Exchange</u> in a timely manner:</p> <p>I. the amount of the transaction with related natural person is RMB300,000 or above;</p> <p>II. the amount of transaction with related legal person accounts for 0.1% or above of the latest audited total assets or market capitalization of the Company and is exceeding RMB300 million.</p> <p>In addition, the Company shall disclose such information on the website of The Stock Exchange of Hong Kong Limited in accordance with relevant provisions as required by The Stock Exchange of Hong Kong Limited and the Hong Kong Listing Rules.</p>	<p><u>Changed as Article 17</u></p> <p>If any of the following criteria is met, transactions between the Company and its related parties shall be disclosed in a timely manner:</p> <p>I. the amount of the transaction with related natural person is RMB300,000 or above;</p> <p>II. the amount of transaction with related legal person accounts for 0.1% or above of the latest audited total assets or market capitalization of the Company and is exceeding RMB300 million.</p> <p><u>The transaction volume stipulated in the Rules refers to the transaction amount received and paid and the debts and expenses assumed. Where the transaction arrangement involves a consideration which may be paid or received in the future but does not involve a specific amount or the amount is determined according to the set conditions, the maximum amount is expected to be the transaction amount.</u></p> <p>In addition, the Company shall disclose such information on the website of The Stock Exchange of Hong Kong Limited in accordance with relevant provisions as required by The Stock Exchange of Hong Kong Limited and the Hong Kong Listing Rules.</p>
18.	Article 19		<u>Changed as Article 18</u>
19.	Article 20		<u>Changed as Article 19</u>

No.	Rule	Before Amendments	After Amendments
20.	Article 21	<p>When the Board of Directors of the Company deliberates the related transaction, the directors who are connected with the counterparty of a transaction shall abstain from voting, and may not exercise the voting right on behalf of other directors. A meeting of Board of Directors should be attended by a majority of the non-related directors and any resolution at the meeting shall be passed by more than half of the directors who are not related to each other. If the number of non-related directors attending the meeting of the Board of Directors is less than three, the matter shall be submitted to the general meeting for review.</p> <p>A related director mentioned in the preceding paragraph shall mean a director involved in any of the following circumstances:</p> <p>I. being counterparty of a transaction;</p> <p>II. being employed by the counterparty of a transaction, by a legal person or other organization which can directly or indirectly control the counterparty of a transaction, or by a legal person or other organization which is under direct or indirect control of the counterparty of a transaction;</p> <p>III. <u>having direct or indirect control over the counterparty of a transaction;</u></p> <p>IV. <u>being a close family member of the counterparty of a transaction or of such counterparty's direct or indirect controllers (refer to Item (4) of Article 7 of the Rules for the specific scope);</u></p> <p>V. <u>being a close family member of the directors, supervisors or senior management officers of the counterparty of a transaction or of such counterparty's direct or indirect controllers (refer to Item (4) of Article 7 of the Rules for the specific scope);</u></p>	<p>Changed as Article 20</p> <p>When the Board of Directors of the Company deliberates the related transaction, the directors who are connected with the counterparty of a transaction shall abstain from voting, and may not exercise the voting right on behalf of other directors. A meeting of Board of Directors should be attended by a majority of the non-related directors and any resolution at the meeting shall be passed by more than half of the directors who are not related to each other. If the number of non-related directors attending the meeting of the Board of Directors is less than three, the matter shall be submitted to the general meeting for review.</p> <p>A related director mentioned in the preceding paragraph shall mean a director involved in any of the following circumstances:</p> <p>I. being counterparty of a transaction;</p> <p>II. <u>being a direct or indirect controller of the counterparty;</u></p> <p>III. being employed by the counterparty of a transaction, by a legal person or other organization which can directly or indirectly control the counterparty of a transaction, or by a legal person or other organization which is under direct or indirect control of the counterparty of a transaction;</p> <p>IV. <u>being a close family member of the natural persons specified in Item (I) and Item (II) under this Article;</u></p> <p>V. <u>being a close family member of legal persons or the directors, supervisors, senior management personnel of other organizations specified in Item (I) to (II) under this Article;</u></p> <p>VI. being a director whose independent business judgment may be affected for other reasons as determined by the SFC, the SSE or the Company on the basis of the principle of substance over form;</p>

No.	Rule	Before Amendments	After Amendments
	Article 21 (continued)	<p>VI. being a director whose independent business judgment may be affected for other reasons as determined by the Company on the basis of the principle of substance over form;</p> <p>VII. other circumstances in which the director or any of his related persons has a material interest in the transaction in accordance with the Hong Kong Listing Rules.</p>	<p>Changed as Article 20 (Continued)</p> <p>VII. other circumstances in which the director or any of his related persons has a material interest in the transaction in accordance with the Hong Kong Listing Rules.</p>
21.	Article 22	<p>When the general meeting of the Company deliberates the related transaction, any shareholders who have material interests in the transactions in accordance with the <u>relevant listing rules of Shanghai Stock Exchange</u> and the Hong Kong Listing Rules (hereinafter referred to as “the related shareholders”) shall abstain from voting and may not exercise the voting rights on behalf of other shareholders.</p>	<p>Changed as Article 21</p> <p>When the general meeting of the Company deliberates the related transaction, any shareholders who have material interests in the transactions in accordance with the <u>Sci-Tech Innovation Board Listing Rules</u> and the Hong Kong Listing Rules (hereinafter referred to as “the related shareholders”) shall abstain from voting and may not exercise the voting rights on behalf of other shareholders.</p>
22.	Article 23	<p>The related shareholders include shareholders who meets any of the following conditions:</p> <p>I. being the counterparty of a transaction;</p> <p>II. having direct or indirect control over the counterparty of a transaction;</p> <p>III. being under direct or indirect control of the counterparty of a transaction;</p> <p>IV. being directly or indirectly controlled by the same legal person or other organization or natural person as the counterparty of a transaction;</p> <p>V. being restricted or influenced in terms of voting right due to the share transfer agreement or other agreement that has not yet been fulfilled with the counterparty of a transaction or its related party;</p> <p>VI. shareholders identified by the Company as likely to cause the Company to tilt its interests;</p> <p>VII. other circumstances in which the director or any of his related persons has a material interest in the transaction in accordance with the <u>relevant listing rules of Shanghai Stock Exchange</u> and the Hong Kong Listing Rules.</p>	<p>Changed as Article 22</p> <p>The related shareholders include shareholders who meets any of the following conditions:</p> <p>I. being the counterparty of a transaction;</p> <p>II. having direct or indirect control over the counterparty of a transaction;</p> <p>III. being under direct or indirect control of the counterparty of a transaction;</p> <p>IV. being directly or indirectly controlled by the same legal person or other organization or natural person as the counterparty of a transaction;</p> <p>V. being restricted or influenced in terms of voting right due to the share transfer agreement or other agreement that has not yet been fulfilled with the counterparty of a transaction or its related party;</p> <p>VI. shareholders identified by <u>the SFC, the SSE or</u> the Company as likely to cause the Company to tilt its interests;</p> <p>VII. other circumstances in which the director or any of his related persons has a material interest in the transaction in accordance with the <u>Sci-Tech Innovation Board Listing Rules</u> and the Hong Kong Listing Rules.</p>

No.	Rule	Before Amendments	After Amendments
23.	Article 24		Changed as Article 23
24.	Article 25		Changed as Article 24
25.	Article 26	<p>In the case of complying with the Hong Kong Listing Rules and the <u>relevant listing rules of Shanghai Stock Exchange</u>, the Company may be exempted from performing the relevant obligations according to the provisions of the Rules when the Company and the related parties entered into the following related transaction:</p> <p>I. One party subscribes in cash the shares, company bonds or corporate bonds, convertible corporate bonds or other derivatives publicly issued by the other party;</p> <p>II. One party, as a member of the underwriting syndicate, underwrites shares, company bonds or corporate bonds, convertible corporate bonds or other derivatives publicly issued by the other party;</p> <p>III. One party receives dividends, bonus or remuneration in accordance with the resolution of the general meeting of the other party;</p> <p>IV. One party participates in a public bidding and public auction of the other party, unless it is unlikely for the public bidding or public auction to be conducted at a fair price;</p> <p>V. The Company unilaterally benefits from the transaction, including receiving cash assets as gift, being granted debt reduction or relief, accepting guarantee and financial assistance, etc.;</p> <p>VI. The related transaction price is determined in accordance with the requirements of the state;</p> <p>VII. The related party provides funds to the Company at an interest rate not higher than the prevailing benchmark lending rate published by the People's Bank of China, for which the Company provide no security;</p>	<p>Changed as Article 25</p> <p>In the case of complying with the Hong Kong Listing Rules and the <u>Sci-Tech Innovation Board Listing Rules</u>, the Company may be exempted from performing the relevant obligations <u>to review and disclose</u> according to the provisions of the Rules when the Company and the related parties entered into the following related transaction:</p> <p>I. One party subscribes in cash the shares, company bonds or corporate bonds, convertible corporate bonds or other derivatives publicly issued by the other party;</p> <p>II. One party, as a member of the underwriting syndicate, underwrites shares, company bonds or corporate bonds, convertible corporate bonds or other derivatives publicly issued by the other party;</p> <p>III. One party receives dividends, bonus or remuneration in accordance with the resolution of the general meeting of the other party;</p> <p>IV. One party participates in a public bidding and public auction of the other party, unless it is unlikely for the public bidding or public auction to be conducted at a fair price;</p> <p>V. The Company unilaterally benefits from the transaction, including receiving cash assets as gift, being granted debt reduction or relief, accepting guarantee and financial assistance, etc.;</p> <p>VI. The related transaction price is determined in accordance with the requirements of the state;</p> <p>VII. The related party provides funds to the Company at an interest rate not higher than the prevailing benchmark lending rate published by the People's Bank of China, for which the Company provide no security;</p>

No.	Rule	Before Amendments	After Amendments
	Article 26 (continued)	<p>VIII. The Company provides products or services to director(s), supervisor(s) or senior management member(s) on the same terms and conditions as those of transactions between the Company and non-related parties;</p> <p>IX. Other transactions recognized by the stock exchange where the shares of the Company are listed.</p>	<p>Changed as Article 25 (continued)</p> <p>VIII. The Company provides products or services to director(s), supervisor(s) or senior management member(s) on the same terms and conditions as those of transactions between the Company and non-related parties;</p> <p>IX. Other transactions recognized by the stock exchange where the shares of the Company are listed.</p>
26.	Article 27	<p>The <u>authority</u> for decision-making of related transaction:</p> <p>In accordance with the Hong Kong Listing Rules, the Company shall conduct ratio tests as required by the Hong Kong Listing Rules on the proposed related transaction, including (i) Assets ratio, i.e. the percentage of the total value which are the subject of the transaction to the total assets of the Company; (ii) profits ratio, i.e. the percentage of the total assets which are the subject of the transaction to the total profits of the Company (iii) revenue, i.e. the percentage of revenue attributable to the assets which are the subject of the transaction to the revenue of the Company; (iv) consideration ratio, i.e. the percentage of the consideration of transaction to the total market capitalization of the Company; and (v) Equity capital ratio(only applicable to transaction in which the Company issues consideration shares), i.e. the number of shares to be issued by the Company as consideration divided by the total number of the Company's issued shares immediately before the transaction. The data used in the above-mentioned ratio test shall be adjusted in accordance with the Hong Kong Listing Rules in individual cases, and the specific calculation methods shall refer to the provisions of the Hong Kong Listing Rules.</p>	<p>Changed as Article 26</p> <p>The <u>entitlement</u> for decision-making of related transaction:</p> <p>In accordance with the Hong Kong Listing Rules, the Company shall conduct ratio tests as required by the Hong Kong Listing Rules on the proposed related transaction, including (i) Assets ratio, i.e. the percentage of the total value which are the subject of the transaction to the total assets of the Company; (ii) profits ratio, i.e. the percentage of the total assets which are the subject of the transaction to the total profits of the Company (iii) revenue, i.e. the percentage of revenue attributable to the assets which are the subject of the transaction to the revenue of the Company; (iv) consideration ratio, i.e. the percentage of the consideration of transaction to the total market capitalization of the Company; and (v) Equity capital ratio(only applicable to transaction in which the Company issues consideration shares), i.e. the number of shares to be issued by the Company as consideration divided by the total number of the Company's issued shares immediately before the transaction. The data used in the above-mentioned ratio test shall be adjusted in accordance with the Hong Kong Listing Rules in individual cases, and the specific calculation methods shall refer to the provisions of the Hong Kong Listing Rules.</p>

No.	Rule	Before Amendments	After Amendments
	<p>Article 27 (continued)</p>	<p>I. Related transaction that the General Manager is entitled to approve: Related transaction that are partially exempted in accordance with the Hong Kong Listing Rules as amended from time to time (exemption from the requirement of independent shareholders' approval), and as per the existing Hong Kong Listing Rules, i.e., each of the above ratios tested is less than 5%, or less than 25% and the annual transaction consideration is less than HK \$10 million, the General Manager is authorized to approve the related transaction.</p> <p><u>According to the Listing Rules of Shanghai Stock Exchange, (i) the amount of the related transaction with related natural person is less than RMB300,000 (except for guarantee provided by the Company); or (ii) the amount of the related transaction with related legal person is less than RMB3,000,000 or less than 0.5% of the absolute value of the audited net assets of the Company in the latest period (except for guarantee provided by the Company) shall be approved by the General Manager.</u> Related transaction to be approved by the General Manager shall be reported to the General Manager in writing by the relevant functional department which has access to the matter at the first time, and the General Manager of the Company or the General Manager's office meeting shall be responsible for reviewing the necessity, rationality and fairness of such related transaction. Related transaction that must occur therein shall be implemented after the review and approval of the General Manager or the General Manager's office meeting. The General Manager shall fully report to the Board of Directors the information and documents in respect of related transaction that may be considered by the Board of Directors and involved in the daily production and operation activities.</p>	<p>Changed as Article 26 (continued)</p> <p>I. Related transaction that the General Manager is entitled to approve: Related transaction that are partially exempted in accordance with the Hong Kong Listing Rules as amended from time to time (exemption from the requirement of independent shareholders' approval), and as per the existing Hong Kong Listing Rules, i.e., each of the above ratios tested is less than 5%, or less than 25% and the annual transaction consideration is less than HK \$10 million, the General Manager is authorized to approve the related transaction.</p> <p><u>According to the Sci-Tech Innovation Board Listing Rules and the relevant laws and regulations, the amount of the related transaction (except for receiving guarantee) of the Company and the related natural persons is less than RMB300,000 (refers to the transfer of resources between the Company or its subsidiaries and the related parties of the Company or other obligations, same meaning as follows), or the amount of the related transaction of the Company and the related legal persons is less than RMB3,000,000 or less than the audited total assets of the Company in the latest period or accounts or 0.1% of market capitalization of related transaction shall be approved by the General Manager of the Company.</u> Related transaction to be approved by the General Manager shall be reported to the General Manager in writing by the relevant functional department which has access to the matter at the first time, and the General Manager of the Company or the General Manager's office meeting shall be responsible for reviewing the necessity, rationality and fairness of such related transaction. Related transaction that must occur therein shall be implemented after the review and approval of the General Manager or the General Manager's office meeting. The General Manager shall fully report to the Board of Directors the information and documents in respect of related transaction that may be considered by the Board of Directors and involved in the daily production and operation activities.</p>

No.	Rule	Before Amendments	After Amendments
	Article 27 (continued)	<p>II. Related transaction that should be approved by the Board of Directors of the Company; in accordance with the <u>relevant listing rules of Shanghai Stock Exchange</u>, (i) <u>the amount of the related transaction with related nature person is more than RMB300,000 and doesn't meet the criteria for deliberation at the general meeting as stipulated in Item (III) of this Article 27 (except for guarantee provided by the Company); (ii) the amount of the related transaction with related legal person is more than RMB3,000,000 and accounts more than 0.5% of the absolute value of the audited net assets of the Company in the latest period and doesn't meet the criteria for deliberation at the general meeting as stipulated in Item (III) of this Article 27 (except for guarantee provided by the Company); (iii) the related transaction that the General Manager is entitled to determine and implement, but the Board of Directors, independent directors or the Supervisory Committee consider to be submitted to the Board of Directors for examination and approval; (4) the related transaction judged and implemented by the Board of Directors authorized by the general meeting shall be reviewed and approved by the Board of Directors.</u></p> <p>Related transaction that should be approved by the Board of Directors shall be reported to the Board of Directors by the General Manager or director who is in contact with the matter at the first time. The Board of Directors shall, in accordance with the procedures of the Board of Directors' meeting, make a reasonable judgment and resolution on whether it is a related transaction.</p>	<p>Changed as Article 26 (continued)</p> <p>II. Related transaction that should be approved by the Board of Directors of the Company; in accordance with the <u>Sci-Tech Innovation Board Listing Rules and the relevant laws and regulations</u>, (i) <u>the amount of the related transaction (except for receiving guarantee) of the Company and related natural persons is more than RMB300,000; (ii) the amount of the related transaction with related legal persons is more than RMB3,000,000 and accounts more than 0.1% of the audited total assets of the Company in the latest period or the market capitalization; (iii) the related transaction that the General Manager is entitled to determine and implement, but the Board of Directors, independent directors or the Supervisory Committee consider to be submitted to the Board of Directors for examination and approval; (4) the related transaction judged and implemented by the Board of Directors authorized by the general meeting shall be reviewed and approved by the Board of Directors.</u></p> <p>Related transaction that should be approved by the Board of Directors shall be reported to the Board of Directors by the General Manager or director who is in contact with the matter at the first time. The Board of Directors shall, in accordance with the procedures of the Board of Directors' meeting, make a reasonable judgment and resolution on whether it is a related transaction.</p>

No.	Rule	Before Amendments	After Amendments
	Article 27 (continued)	<p>III. Related transaction that should be approved by the Company's general meeting: the related-party transactions not exempted under the Hong Kong Listing Rules as amended from time to time (subject to the reporting, announcements and stipulations approved by independent shareholders), and as per the existing Hong Kong Listing Rules, i.e. when any of the above ratios tested fails to meet "less than 5%, or less than 25% and the annual transaction consideration is less than HK \$10 million", the related transaction shall be submitted to the shareholders' meeting for approval after being examined and approved by the Board of Directors.</p> <p>In accordance with the <u>relevant listing rules of Shanghai Stock Exchange</u>, any transaction which meets the following conditions shall be submitted before the general meeting for consideration: (i) the transaction amount of the transaction with related party is more than RMB30,000,000 and accounts for <u>0.5%</u> or above <u>of the absolute value</u> of the audited net assets of the Company in the latest period (except the Company receiving guarantee, <u>receiving cash assets as gift and transaction purely for the purpose of granting debt reduction or relief to the Company</u>), <u>or the transaction amount accounts for 1% or above of the latest audited total assets or market capitalization of the Company and the transaction amount is over RMB30,000,000;</u> or (ii) the related transaction that the General Manager and the Board of Directors are entitled to judge and implement, but the independent directors or the Supervisory Committee think to be submitted to the general meeting for examination and approval, shall be reviewed and approved by the general meeting.</p>	<p>Changed as Article 26 (continued)</p> <p>III. Related transaction that should be approved by the Company's general meeting: the related-party transactions not exempted under the Hong Kong Listing Rules as amended from time to time (subject to the reporting, announcements and stipulations approved by independent shareholders), and as per the existing Hong Kong Listing Rules, i.e. when any of the above ratios tested fails to meet "less than 5%, or less than 25% and the annual transaction consideration is less than HK \$10 million", the related transaction shall be submitted to the shareholders' meeting for approval after being examined and approved by the Board of Directors.</p> <p>In accordance with the <u>Sci-Tech Innovation Board Listing Rules</u>, any transaction which meets the following conditions shall be submitted before the general meeting for consideration: (i) the transaction amount of the transaction with related party is more than RMB30,000,000 and accounts for <u>0.1% of the audited total assets of the Company or market capitalization</u> in the latest period (except the Company receiving guarantee), <u>(ii) provides guarantee for the related party;</u> (iii) the related transaction that the General Manager and the Board of Directors are entitled to judge and implement, but the independent directors or the Supervisory Committee think to be submitted to the general meeting for examination and approval, shall be reviewed and approved by the general meeting.</p>

**PROPOSED AMENDMENTS TO RULES FOR
MANAGEMENT OF RELATED PARTY TRANSACTIONS**

No.	Rule	Before Amendments	After Amendments
	Article 27 (continued)	<p>If the Board of Directors concludes that a related transaction should be submitted to the general meeting for approval, the Board of Directors shall pass a resolution to submit it to the general meeting for review and issue a circular for convening the general meeting, which shall specify the date, place and topics of the general meeting, and clearly state the content, nature and related parties of the related transaction; and where the Company intends to conduct a related transaction which is subject to the consideration and approval of the general meeting, a prior consent should be obtained from independent directors before such transaction is submitted to the Board of Directors for deliberation. The independent directors shall make an opinion on the fairness of the related transaction, whether it is in the interests of the Company and its shareholders, whether the annual cap of the related transaction is fair and reasonable (if it is a continuous related transaction) and the proposal of voting. At the same time, the circular shall disclose the opinions of the independent financial adviser engaged by the Independent Board Committee to independent directors on the fairness of the related transaction, whether it is in the interests of the Company and its shareholders, whether the annual cap on related transaction is fair and reasonable (in the case of continuing related transaction) and the proposal of voting.</p>	<p>Changed as Article 26 (continued)</p> <p>If the Board of Directors concludes that a related transaction should be submitted to the general meeting for approval, the Board of Directors shall pass a resolution to submit it to the general meeting for review and issue a circular for convening the general meeting, which shall specify the date, place and topics of the general meeting, and clearly state the content, nature and related parties of the related transaction; and where the Company intends to conduct a related transaction which is subject to the consideration and approval of the general meeting, a prior consent should be obtained from independent directors before such transaction is submitted to the Board of Directors for deliberation. The independent directors shall make an opinion on the fairness of the related transaction, whether it is in the interests of the Company and its shareholders, whether the annual cap of the related transaction is fair and reasonable (if it is a continuous related transaction) and the proposal of voting. At the same time, the circular shall disclose the opinions of the independent financial adviser engaged by the Independent Board Committee to independent directors on the fairness of the related transaction, whether it is in the interests of the Company and its shareholders, whether the annual cap on related transaction is fair and reasonable (in the case of continuing related transaction) and the proposal of voting.</p>
27.	Article 28		Changed as Article 27

No.	Rule	Before Amendments	After Amendments
28.	Article 29	<p>For transaction of the Company with related party that is with a transaction amount of RMB30,000,000 or above <u>(except the Company receiving cash assets as gift, transaction purely for the purpose of granting debt reduction or relief to the Company and receiving guarantee)</u> and accounting for 5% or above of the absolute value of the latest audited net assets of the Company, or accounting for 1% or above of the latest audited total assets or market capitalization of the Company <u>and over RMB30,000,000, an intermediary with the qualification to execute securities and futures-related business shall be engaged to evaluate or audit the subject-matter of the transaction and submit the transaction to the general meeting for review. If the subject-matter of the transaction is the equity of the Company, the Company shall employ an accounting firm with the qualification to carry out the relevant business of securities and futures to audit the financial and accounting report of the subject-matter in the latest year, and the audit deadline shall not exceed six months from the date of convening of the general meeting to review the transaction; if the subject-matter of the transaction is other assets other than equity, the Company shall employ an assets appraisal firm with the qualification to execute securities and futures business, and the benchmark date of the appraisal shall not exceed one year from the signing date of the agreement.</u> The interval between the end of the reporting period of the audited financial report and the date to use the audit report shall not exceed 6 months and the interval between the appraisal date of the appraisal report and the date to use the appraisal report shall not exceed 1 year. <u>No audit or appraisal is required to be conducted on the subject-matter involved in the related transaction related to daily operations mentioned for the purpose of the Rules.</u></p>	<p>Changed as Article 28</p> <p>For transaction of the Company with related party that is with a transaction amount of RMB30,000,000 or above, or accounting for 1% or above of the latest audited total assets or market capitalization of the Company <u>(except for receiving guarantee) shall provide audited financial report or appraisal report.</u> The interval between the end of the reporting period of the audited financial report and the date to use the audit report shall not exceed 6 months and the interval between the appraisal date of the appraisal report and the date to use the appraisal report shall not exceed 1 year. Related transaction related to daily operations <u>may exempt from audit or appraisal.</u></p> <p><u>In the event the Company provides guarantees for its controlling shareholder, de facto controllers or its related parties, such controlling shareholder, de facto controllers or other related parties shall provide counter guarantee.</u></p>
29.	Article 30		<p>Changed as Article 29</p>

No.	Rule	Before Amendments	After Amendments
30.	Article 31	<p>The Company shall perform the relevant review procedures in accordance with the following provisions for the related transaction matters related to the daily operation between the Company and the related parties:</p> <p>I. For the daily related transactions occurring for the first time, the Company shall conclude a written agreement with the related party, and submit the transaction agreement to the Board of Directors or the general meeting for review (if necessary) in accordance with the amount involved in the agreement applicable to the provisions of Article 27.</p> <p>II. For the daily related transaction agreement that has been reviewed and approved by the Board of Directors or the general meeting of the Company and is being executed, if the major terms of the agreement are changed significantly during the implementation or the agreement needs to be renewed upon expiration, the Company shall submit the newly revised or renewed daily related transaction agreement to the Board of Directors or the general meeting for review (if necessary) in accordance with the amount involved in the agreement applicable to the provisions of Article 27.</p>	<p>Changed as Article 30</p> <p>The Company shall perform the relevant review procedures in accordance with the following provisions for the related transaction matters related to the daily operation between the Company and the related parties:</p> <p>I. For the daily related transactions occurring for the first time, the Company shall conclude a written agreement with the related party, and submit the transaction agreement to the Board of Directors or the general meeting for review (if necessary) in accordance with the amount involved in the agreement applicable to the provisions of Article 26.</p> <p>II. For the daily related transaction agreement that has been reviewed and approved by the Board of Directors or the general meeting of the Company and is being executed, if the major terms of the agreement are changed significantly during the implementation or the agreement needs to be renewed upon expiration, the Company shall submit the newly revised or renewed daily related transaction agreement to the Board of Directors or the general meeting for review (if necessary) in accordance with the amount involved in the agreement applicable to the provisions of Article 26.</p>

No.	Rule	Before Amendments	After Amendments
	Article 31 (continued)	<p>III. Where it is difficult to submit each agreement to the Board of Directors or the general meeting for the large number of daily continuing related transactions occurring each year with the need for frequently entering into agreements, the Company shall enter into a related transaction framework agreement with each party in accordance with the Hong Kong Listing Rules and <u>Article 17 and Article 19</u> of the Rules and agree on an annual cap on the amount of transactions. Such framework agreement and annual caps shall be submitted to the Board of Directors or the general meeting for review in accordance with Article 27 of the Rules. If the amount of the daily related transaction exceeds the estimated annual cap in actual execution, the Company shall re-conform to the reporting, announcement or independent shareholders' approval requirements under the Hong Kong Listing Rules in accordance with Article 27 for the excess amount.</p> <p>IV. The independent non-executive directors of the Company shall review such continuing related transactions annually and report their findings in the annual report, and the Company shall engage its auditors to report on the continuing related transactions annually.</p>	<p>Changed as Article 30 (Continued)</p> <p>III. Where it is difficult to submit each agreement to the Board of Directors or the general meeting for the large number of daily continuing related transactions occurring each year with the need for frequently entering into agreements, the Company shall enter into a related transaction framework agreement with each party in accordance with the Hong Kong Listing Rules and <u>the relevant provisions</u> of the Rules and agree on an annual cap on the amount of transactions. Such framework agreement and annual caps shall be submitted to the Board of Directors or the general meeting for review in accordance with Article 26 of the Rules. If the amount of the daily related transaction exceeds the estimated annual cap in actual execution, the Company shall re-conform to the reporting, announcement or independent shareholders' approval requirements under the Hong Kong Listing Rules in accordance with Article 26 for the excess amount.</p> <p>IV. The independent non-executive directors of the Company shall review such continuing related transactions annually and report their findings in the annual report, and the Company shall engage its auditors to report on the continuing related transactions annually.</p>
31.	Article 32	<p>The daily related transaction agreement shall at least include the transaction price, pricing principle and basis, total transaction amount or its determination method, payment time and method, and other major terms. In the case where the Hong Kong Listing Rules and <u>the relevant listing rules of Shanghai Stock Exchange</u> are satisfied, and the Company has the daily related transaction agreement with the related parties for more than three years, the Company shall re-perform relevant review procedures and disclosure obligations every three years <u>in accordance with the provisions of Article 31</u>.</p>	<p>Changed as Article 31</p> <p>The daily related transaction agreement shall at least include the transaction price, pricing principle and basis, total transaction amount or its determination method, payment time and method, and other major terms. In the case where the Hong Kong Listing Rules and <u>the Sci-Tech Innovation Board Listing Rules</u> are satisfied, and the Company has the daily related transaction agreement with the related parties for more than three years, the Company shall re-perform relevant review procedures and disclosure obligations every three years.</p>

No.	Rule	Before Amendments	After Amendments
32.	Article 33	<p>For related transactions carried out between the Company and different related parties on the related subject matters or between the Company and the same related party within 12 consecutive months, the transactions shall be submitted to the Board of Directors or the general meeting for review in accordance with the amount of transactions calculated accumulatively and applicable to the provisions of Article 27, and disclosed in accordance with the provisions of <u>Article 29, Article 31 and Article 37</u>. The same related party includes those directly or indirectly controlled by the same effective controller or having a relationship of equity control with each other; or a legal person or other organization whose director or senior management personnel is the same natural person.</p>	<p>Changed as Article 32</p> <p>For related transactions carried out between the Company and different related parties on the related subject matters or between the Company and the same related party within 12 consecutive months, the transactions shall be submitted to the Board of Directors or the general meeting for review in accordance with the amount of transactions calculated accumulatively and applicable to the provisions of Article 26, and disclosed in accordance with the provisions of <u>this System</u>. The same related party includes those directly or indirectly controlled by the same effective controller or having a relationship of equity control with each other; or a legal person or other organization whose director or senior management personnel is the same natural person.</p>
33.	Article 34		<p>Changed as Article 33</p>
34.	Article 35	<p>The Company shall adopt a prudent and cautious approach in providing financial assistance or entrusted wealth management to related parties. If financial assistance or entrusted wealth management is indeed necessary, disclosure should be based on the actual transaction amount which is accrued for 12 consecutive months or submitted to the general meeting for deliberation. <u>Those which have been disclosed or submitted to the general meeting for deliberation will be excluded for the purpose of such calculation.</u></p>	<p>Changed as Article 34</p> <p>The Company shall adopt a prudent and cautious approach in providing financial assistance or entrusted wealth management to related parties. If financial assistance or entrusted wealth management is indeed necessary, disclosure should be based on the actual transaction amount which is accrued for 12 consecutive months or submitted to the general meeting for deliberation.</p>
35.	Article 36		<p>Changed as Article 35</p>
36.	Article 37		<p>Deleted</p>

No.	Rule	Before Amendments	After Amendments
37.	Article 38	Any matters not covered herein shall be governed by the Articles of Association, the Hong Kong Listing Rules, <u>the relevant listing rules of Shanghai Stock Exchange</u> and other relevant laws and regulations. The Articles of Association, the Hong Kong Listing Rules, <u>the relevant listing rules of Shanghai Stock Exchange</u> and other relevant laws and regulations to be issued or amended in the future shall prevail if they are in conflict with provisions hereof.	Changed as Article 36 Any matters not covered herein shall be governed by the Articles of Association, the Hong Kong Listing Rules, <u>Sci-Tech Innovation Board Listing Rules</u> and other relevant laws and regulations. The Articles of Association, the Hong Kong Listing Rules, <u>Sci-Tech Innovation Board Listing Rules</u> and other relevant laws and regulations to be issued or amended in the future shall prevail if they are in conflict with provisions hereof.
38.	Article 39	Market capitalization herein represents the arithmetic average number of the closing market capitalization 10 trading days before the transaction <u>under the relevant listing rules of Shanghai Stock Exchange.</u>	Changed as Article 37 Market capitalization herein represents the arithmetic average number of the closing market capitalization 10 trading days before the transaction.
39.	Article 40		Changed as Article 38
40.	Article 41		Changed as Article 39
41.	Article 42		Changed as Article 40
42.	Article 43	The Rules shall be constructed by the Board of Directors and come into effect on the date of the initial public offering and listing of RMB ordinary shares of the Company within the PRC (for the purpose of the Rules, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) upon approval at a general meeting of the Company, which <u>is also applicable to the amendment thereof.</u>	Changed as Article 41 The Rules shall be constructed by the Board of Directors and come into effect on the date of the initial public offering and listing of RMB ordinary shares of the Company within the PRC (for the purpose of the Rules, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) upon approval at a general meeting of the Company, which the amendment thereof <u>be reviewed, approved at the general meeting and come into effect.</u>

This appendix 8 sets out the working rules of independent directors which was approved in the extraordinary general meeting held on 3 June 2019 (“Before Amendments”) and the proposed amendments (“After Amendments”) thereto for the purpose of information.

The English version in this Appendix 8 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

No.	Rule	Before Amendments	After Amendments
1.	Article 5	<p>At least one-third of the Board members of the Company shall be independent directors and the total number shall be <u>no less than 3</u>. At least one of the independent directors must be the accounting professionals. Candidates nominated as independent director in the capacity of accounting professionals shall have profound knowledge and experience in accounting, <u>and obtain professional qualifications such as the certificate public accountant or senior accountant or be associate professors in accounting or with higher rankings.</u></p> <p>If the number of independent directors of the Company does not meet or is less than the number provided in the Rules, the Company shall make up the shortfall pursuant to the provisions.</p> <p>At least 1 independent non-executive director among independent directors shall ordinarily reside in Hong Kong.</p>	<p>At least one-third of the Board members of the Company shall be independent directors and the total number of <u>independent directors</u> shall be <u>at least 3</u>. At least one of the independent directors must be the accounting professionals. Candidates nominated as independent director in the capacity of accounting professionals shall have profound knowledge and experience in accounting, <u>and qualify at least one of the below conditions:</u></p> <ol style="list-style-type: none"> 1. <u>Qualified as a certified public accountant;</u> 2. <u>Having a senior professional title, associate professor title or doctoral degree majored in accounting, auditing or financial management;</u> 3. <u>Having a senior professional title in economic management with over 5 years of full-time working experience at a professional position in accounting, auditing or financial management.</u> <p>If the number of independent directors of the Company does not meet or is less than the number provided in the Rules, the Company shall make up the shortfall pursuant to the provisions.</p> <p>At least 1 independent non-executive director among independent directors shall ordinarily reside in Hong Kong.</p>

No.	Rule	Before Amendments	After Amendments
2.	Article 7		Deleted
3.			<p>Article 7</p> <p><u>Candidates of independent directors shall possess the basic knowledge in respect of the operation of the Company, be familiar with the relevant laws, regulations and rules, departmental provisions and other regulatory documents, have more than 5 years of working experience in the areas of legal practice, economics, finance, management or other experiences necessary for discharging the duties of an independent director, and obtain the certificate of qualifications for independent director in accordance with the Guidelines on Training of Senior Management of Listed Companies and relevant provisions of the China Securities Regulatory Commission and the relevant regulations.</u></p> <p><u>In case the candidates of independent directors of the Company has not obtained the certificate of qualifications for independent director when making a nomination, he/she shall undertake in writing to participate in the latest independent director qualification training. Independent directors of the Company shall participate in qualification trainings with no less than 30 classes of the training time and obtain the certificate of qualifications for independent director. Upon the appointment of an independent director, he/she shall principally participate in subsequent training once in every 2 years with no less than 30 classes of the training time.</u></p>
4.	Article 8		Deleted

No.	Rule	Before Amendments	After Amendments
5.			<p data-bbox="962 325 1050 353">Article 8</p> <p data-bbox="962 389 1390 476"><u>The qualification requirements for candidates of independent directors of the Company shall comply with the below regulations:</u></p> <ol data-bbox="962 512 1390 1634" style="list-style-type: none"> <li data-bbox="962 512 1390 570">1. <u>regulations on director's qualification under the Company Law;</u> <li data-bbox="962 606 1390 663">2. <u>regulations on concurrent positions of civil servant under the Civil Service Law;</u> <li data-bbox="962 700 1390 1070">3. <u>regulations of the Notice on Regulating Officers under Direct Supervision by Organization Department of the CPC Central Committee Assuming Positions as Independent Directors, Independent Supervisors of Listed Companies, Fund Management Companies after Resignation or Retirement from Government Positions issued by the Central Commission for Discipline Inspection of the CPC and the Organization Department of the CPC Central Committee;</u> <li data-bbox="962 1106 1390 1357">4. <u>regulations on taking concurrent positions by managers of colleges and universities under the Opinions on Enhancing the Anti-corruption and Encouraging Honesty Work of Colleges and Universities issued by the Central Commission for Discipline Inspection of the CPC, the Ministry of Education and the Ministry of Supervision;</u> <li data-bbox="962 1393 1390 1536">5. <u>regulations on Issuing the Interim Measures for the Administration of Insurance Companies' Independent Directors of China Insurance Regulatory Commission;</u> <li data-bbox="962 1572 1390 1634">6. <u>requirements under other laws, administrative rules and regulations.</u>

No.	Rule	Before Amendments	After Amendments
6.			<p data-bbox="962 325 1050 353"><u>Article 9</u></p> <p data-bbox="962 385 1390 476"><u>Candidates of independent directors shall be independent and does not have any of the following factors:</u></p> <ol data-bbox="962 506 1390 1940" style="list-style-type: none"> <li data-bbox="962 506 1390 619">1. <u>persons who hold a position in the Company or its subsidiaries, their immediate relatives and major social relations;</u> <li data-bbox="962 649 1390 846">2. <u>persons who directly or indirectly hold more than 1% of the issued shares of the Company, or the natural person shareholders in the top ten shareholders of the Company, and such shareholders' immediate relatives;</u> <li data-bbox="962 876 1390 1074">3. <u>persons who hold a position in an entity which directly or indirectly holds more than 5% of the issued shares of the Company, or which is one of the top five shareholders of the Company, and such employees' immediate relatives;</u> <li data-bbox="962 1104 1390 1195">4. <u>the de facto controllers of the Company and employees of their subsidiaries;</u> <li data-bbox="962 1225 1390 1478">5. <u>persons who provide financial, legal and advisory services to the Company and its controlling shareholders or their respective subsidiaries, including all members of the project teams, the reviewers at all levels, signatories of reports, partners and key personnel of the intermediary agencies providing services;</u> <li data-bbox="962 1508 1390 1706">6. <u>persons who serve as directors, supervisors or senior management personnel in entities that have material business relationship with the Company and its controlling shareholders or in the controlling shareholders of such entities;</u> <li data-bbox="962 1736 1390 1827">7. <u>persons that have any of the six factors listed above in the past one year;</u> <li data-bbox="962 1857 1390 1940">8. <u>other factors that affect his/her independence as considered by Shanghai Stock Exchange.</u>

No.	Rule	Before Amendments	After Amendments
			<p><u>Article 9 (continued)</u></p> <p><u>The aforesaid “hold a position” refers to the acting as directors, supervisors, senior management personnel and other staff; “immediate relatives” refers to spouse, parents, children; “major social relations” refer to brothers and sisters, father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law, spouse of brothers and sisters, brothers and sisters of spouse; “material business relationship” refers to the submission of matters to be reviewed at the general meeting in the accordance with Sci-Tech Innovation Board Listing Rules, or as stipulated in the Articles of Association of the Company and other material matters recognized by the Shanghai Stock Exchange.</u></p>
7.			<p><u>Article 10</u></p> <p><u>Candidates of independent directors shall not have any of the following factors:</u></p> <ol style="list-style-type: none"> <u>1. was penalised by the China Securities Regulatory Commission in the past three years;</u> <u>2. is in the period announced by the Stock Exchange as not appropriate for director position of a listed company;</u> <u>3. was condemned by the Stock Exchange or criticized more than two times in the past three years;</u> <u>4. was absent from board of directors meetings for two consecutive times when assuming position as independent director, or the number of the board of directors meetings which he did not attend in person accounts for more than one-third of the total board of directors meetings in the year;</u> <u>5. during his tenure of independent director, gave independent opinion which obviously did not reflect the fact.</u>

No.	Rule	Before Amendments	After Amendments
8.	Article 9	<p>The independent directors of the Company who have been serving as an independent directors for six years in a row <u>shall not be nominated as candidates of the independent director of the Company within one year thereafter.</u></p> <p>Candidates of independent directors <u>can</u> serve as independent directors in <u>up to 5 listed companies including the one in which he/she will take the office for this time.</u></p>	<p>Changed as Article 11</p> <p>The independent directors of the Company who have been serving as an independent directors for six years in a row shall not be nominated again as independent directors of the Company.</p> <p>Candidates of independent directors who serve as independent directors in <u>5 domestic listed companies shall not be nominated as candidates of the independent director of other listing companies.</u></p>
9.	Article 10		Changed as Article 12

No.	Rule	Before Amendments	After Amendments
10.	Article 11	<p>The person nominating a candidate for independent director shall obtain the consent of the person being nominated before the nomination. The person nominating such candidate shall fully understand the occupation, education, position, detailed working experience and all part-time jobs of the person being nominated, and shall express opinion on his/her qualifications of acting as an independent director and his/her independence. The person being nominated shall confirm in writing that there is no relationship between him/her and the Company which may hinder his/her independent and objective judgment and make a public declaration.</p> <p><u>Before convening the general meeting for election of independent directors, the Board of Directors of the Company shall go through the formalities of nominating independent directors pursuant to provisions and fulfill the obligation of information disclosure correspondently.</u></p>	<p>Changed as Article 13</p> <p>The person nominating a candidate for independent director shall obtain the consent of the person being nominated before the nomination. The person nominating such candidate shall fully understand the occupation, education, position, detailed working experience and all part-time jobs of the person being nominated, and shall express opinion on his/her qualifications of acting as an independent director and his/her independence. The person being nominated shall confirm in writing that there is no relationship between him/her and the Company which may hinder his/her independent and objective judgment and make a public declaration.</p> <p><u>In case that board of directors, the Supervisory Committee and the shareholders who has right to nominate independent directors propose the nomination of the candidates of independent directors, the Company shall fill in the basic information of independent director candidates on the website of Shanghai Stock Exchange within two trading days from the date of confirmation of nomination, and submit relevant materials of independent director candidates to Shanghai Stock Exchange, including the Statement of Nominator of Independent Director, Statement of Candidate of Independent Director, and other written documents.</u></p> <p><u>In case that the board of directors has disagreements relating to the candidates of independent directors nominated by the Supervisory Committee or shareholders, it shall deliver its opinions in writing to Shanghai Stock Exchange.</u></p> <p><u>The aforesaid “confirmation of nomination” refers to the making of a resolution by the board of directors and the Supervisory Committee regarding the nomination of independent directors, and the written documents of nominating an independent director by a shareholder who has right to nominate shall be delivered to the Company.</u></p>

No.	Rule	Before Amendments	After Amendments
11.	Article 12		<u>Deleted</u>
12.	Article 13		<u>Deleted</u>
13.			<p><u>Article 14</u></p> <p><u>Shanghai Stock Exchange will review the qualifications of the candidates for independent directors after five trading days from the date of receiving the materials submitted by the Company in accordance with the Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies and relevant provisions of China Securities Regulatory Commission.</u></p> <p><u>Candidates for independent directors and nominators for independent directors shall truthfully answer the inquiries made by Shanghai Stock Exchange within the prescribed time limit and make timely supplement and submit relevant materials as required. For candidates who fail to submit relevant materials as required, Shanghai Stock Exchange shall examine the qualifications of independent director candidates according to relevant materials and make decision whether to raise objections to the qualifications of independent director candidates.</u></p> <p><u>If there is no disagreements on the qualification of the independent director candidates in five trading days after the date of the submission of materials to Shanghai Stock Exchange, the Company may implement a decision-making process to elect independent directors.</u></p> <p><u>The Company shall not propose any candidate to the general meeting for election as an independent director if Shanghai Stock Exchange objects to such candidate, and shall postpone or cancel the general meeting or cancel the relevant proposal of the general meeting in accordance with the Rules Governing Shareholders' General Meetings of Listed Companies issued by CSRC.</u></p>

No.	Rule	Before Amendments	After Amendments
14.			<p>Article 15</p> <p><u>When the general meeting is held to elect independent directors, the board of directors of the Company shall make an explanation as to whether Shanghai Stock Exchange objects to the candidate for independent director.</u></p>
15.			<p>Article 16</p> <p><u>When an independent director of the Company is elected at the general meeting, the Company shall submit the Director of Companies Listed on the Science and Technology Innovation Board (Supervisor/Senior Officer/Controlling Shareholder/De facto Controller's) Declaration and Undertaking to Shanghai Stock Exchange within 30 days after the date of election and fill in or update the basic information on the website of Shanghai Stock Exchange.</u></p> <p><u>In case that the qualifications of an independent director are required to be verified by relevant national departments, he/she shall perform the aforesaid duties from the date of verification.</u></p>
16.	Article 14		Changed as Article 17
17.	Article 15		Deleted
18.	Article 16		Deleted
19.			<p>Article 18</p> <p><u>If an independent director of a the Company becomes ineligible for the qualifications of an independent director after his/her appointment, he/she shall resign from the position of independent director within 30 days from the date of such occurrence. If he/she fails to resign as required, the board of directors of the Company shall start the decision-making process within 2 days to dismiss him/her from the position of independent director.</u></p>

No.	Rule	Before Amendments	After Amendments
			<p><u>Article 18 (continued)</u></p> <p><u>If the resignation of the independent director results in percentage of independent directors less than one-third in the Board of the Company, the independent director who tenders resignation shall perform his/her duties until the date of appointment of the new independent director except for the independent director resigns due to loss of independence or a legal dismissal. The nominator of that independent director or the board of directors of the Company shall nominate a new independent director candidate within 90 days after the date of resignation of that independent director.</u></p>
20.	Article 17	<p>The independent directors shall have the following special authorities in addition to rights entitled to the director pursuant to the Companies Law, other laws, regulations and the Articles of Association:</p> <ol style="list-style-type: none"> 1. major connected transactions, representing connected transactions amounted to over RMB300,000 that the Company intends to enter into with connected natural persons or connected transactions amounted to over RMB3 million that the Company intends to enter into with connected corporations and which accounts for over 0.5% of the absolute value of the latest audited net assets of the Company, shall be acknowledged by independent directors before they are submitted to the Board of Directors for discussion; before making a judgment, independent directors may engage an intermediary institution to issue an independent financial advisory report to be used as the basis of their judgment; 2. to put forward the proposal to the Board of Directors relating to the appointment or removal of the accounting firm; 3. to propose to the Board of Directors to convene an extraordinary general meeting; 4. to propose to convene Board meetings; 	<p><u>Changed as Article 19</u></p> <p>The independent directors shall have the following special authorities in addition to rights entitled to the director pursuant to the Companies Law, other laws, regulations and the Articles of Association:</p> <ol style="list-style-type: none"> 1. major connected transactions, representing connected transactions amounted to over RMB300,000 that the Company intends to enter into with connected natural persons or connected transactions amounted to over RMB3 million that the Company intends to enter into with connected corporations and which accounts for over 0.5% of the absolute value of the latest audited net assets of the Company, shall be acknowledged by independent directors before they are submitted to the Board of Directors for discussion; before making a judgment, independent directors may engage an intermediary institution to issue an independent financial advisory report to be used as the basis of their judgment; 2. to put forward the proposal to the Board of Directors relating to the appointment or removal of the accounting firm; 3. to propose to the Board of Directors to convene an extraordinary general meeting; 4. to propose to convene Board meetings;

No.	Rule	Before Amendments	After Amendments
	Article 17 (continued)	<p>5. to independently engage external auditor and consulting firm;</p> <p>6. to collect the voting rights from shareholders before the general meeting is convened;</p> <p>Consent from no less than 1/2 of all the independent directors is required when an independent director desires to exercise the above authorities.</p> <p>If the above proposals made by the independent directors are not adopted or their authorities cannot be exercised, the Company should disclose the related information.⁶</p> <p>⁶Note: the third clause of this article shall be applicable after completion of the initial public offering and listing of Renminbi ordinary shares (A Shares) of the Company on the Shanghai Stock Exchange.</p>	<p><u>Changed as Article 19 (continued)</u></p> <p>5. to independently engage external auditor and consulting firm;</p> <p>6. to collect the voting rights from shareholders before the general meeting is convened;</p> <p>Consent from no less than 1/2 of all the independent directors is required when an independent director desires to exercise the above authorities.</p> <p>If the above proposals made by the independent directors are not adopted or their authorities cannot be exercised, the Company should disclose the related information.¹</p> <p>¹Note: the third clause of this article shall be applicable after completion of the initial public offering and listing of Renminbi ordinary shares (A Shares) of the Company on the Shanghai Stock Exchange.</p>
21.	Article 18	<p>Independent directors shall express independent opinions on the following matters to the Board of Directors or the general meeting:</p> <p>1. nomination, appointment and removal of directors;</p> <p>2. appointment or dismissal of the senior management;</p> <p>3. the remuneration of the directors and the senior management of the Company;</p> <p>4. <u>the existing or new borrowing or other capital dealings amounted to over 3 million in total or exceeding 5% of the latest audited net assets of the Company entered into between the Company and its shareholders, de facto controllers and other related companies and whether the Company takes effective actions to recover the debts;</u></p> <p>5. <u>change of the use of proceeds;</u></p>	<p><u>Changed as Article 20</u></p> <p>Independent directors shall express independent opinions on the following matters to the Board of Directors or the general meeting:</p> <p>1. nomination, appointment and removal of directors;</p> <p>2. appointment or dismissal of the senior management;</p> <p>3. the remuneration of the directors and the senior management of the Company;</p> <p>4. <u>appointment or dismissal of accounting firm;</u></p> <p>5. <u>make changes in accounting policies and estimates and corrections of material errors instead of the changes in accounting standards;</u></p> <p>6. <u>the certified public accountant issues a modified audit opinion on the financial report of the Company;</u></p>

No.	Rule	Before Amendments	After Amendments
	Article 18 (continued)	<p>6. <u>matters related to audit opinions, if the certified public accountant issues a modified audit opinion on the financial report of the Company;</u></p> <p>7. <u>the accumulated and current external guarantee of the Company and the compliance of laws and regulations in respect of its external guarantees as set out in its annual report;</u></p> <p>8. <u>proposal to use assets for the discharge of debt of related parties of the Company;</u></p> <p>9. <u>no cash profit distribution plan being prepared by the Board of Directors in the case that there are profits in the annual financial result of the Company;</u></p> <p>10. <u>matters that the independent directors consider may be detrimental to the interests of medium and small shareholders;</u></p> <p>11. <u>matters that need opinions from the independent directors as required by the laws, regulations, regulatory documents and the Articles of Association;</u></p> <p>12. <u>other matters that the independent directors consider necessary.</u></p>	<p><u>Changed as Article 20 (continued)</u></p> <p>7. <u>the proposal that related parties undertaking to the changes;</u></p> <p>8. <u>the impacts of issuing preference shares on the equities of shareholders of the Company in each class;</u></p> <p>9. <u>formulate profit distribution policies, proposals of profit distribution and conversion of capital reserve into share capital, and especially pay attention to any prejudice to the lawful rights and interests of small and medium-sized investors;</u></p> <p>10. <u>material matters including the connected transactions that required to be disclosed, external guarantee, entrusted wealth management, provision of financial assistance, utilization of the proceeds, new business development, shares and its derivative investments;</u></p> <p>11. <u>proposal of material asset reorganization, stock incentive plans, staff shareholding plans, and share repurchase;</u></p> <p>12. <u>the Company proposes that its shares will no longer be transacted on Shanghai Stock Exchange;</u></p> <p>13. <u>matters that the independent directors consider may be detrimental to the interests of medium and small shareholders;</u></p> <p>14. <u>relevant laws, administrative regulations, departmental rules, regulatory documents, business rules of Shanghai Stock Exchange and the Company's Articles of Association, and other matters recognized by the China Securities Regulatory Commission.</u></p>
22.	Article 19		<u>Changed as Article 21</u>
23.	Article 20		<u>Changed as Article 22</u>
24.	Article 21		<u>Changed as Article 23</u>
25.	Article 22		<u>Changed as Article 24</u>
26.	Article 23		<u>Changed as Article 25</u>

No.	Rule	Before Amendments	After Amendments
27.	Article 24		<u>Changed as Article 26</u>
28.	Article 25		<u>Changed as Article 27</u>
29.	Article 26		<u>Changed as Article 28</u>
30.	Article 27		<u>Changed as Article 29</u>
31.	Article 28		<u>Changed as Article 30</u>
32.	Article 29		<u>Changed as Article 31</u>
33.	Article 30		<u>Changed as Article 32</u>
34.	Article 31		<u>Changed as Article 33</u>

NOTICE OF EGM



FUDAN
MICRO

上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) will be held at Building 4, Lane 127, Guotai Road, Shanghai, the People’s Republic of China (the “PRC”) on Monday, 5 July 2021 at 10:00 a.m. for considering, if thought fit, pass with or without amendments, the following resolutions:

To consider and approve:

ORDINARY RESOLUTION

1. Strategic Allotment under the A Share offering to connected persons;
2. Amendments to Rules of Procedures of the General Meetings;
3. Amendments to Rules of Procedures of the Board of Directors;
4. Amendments to Rules of Procedures of the Supervisory Committee;
5. Amendments to Proceeds Management System;
6. Amendments to Rules for Management of Related Party Transactions;
7. Amendments to the Working Rules for Independent Directors; and

SPECIAL RESOLUTION

8. Amendments to Articles of Association (Draft).

By order of the Board

Shanghai Fudan Microelectronics Group Company Limited*

Jiang Guoxing

Chairman

Shanghai, the PRC, 15 June 2021

* For identification purpose only

NOTICE OF EGM

Notes:

1. Persons who hold shares of the Company and whose names appear on the Register of Members of the Company as at 5 July 2021 shall be entitled to attend the EGM.
2. Any member entitled to attend and vote at the EGM is entitled to appoint one or more person(s) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be in writing of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or in writing by its director or other attorney duly authorized to sign the same. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of attorney, must be deposited not less than 24 hours before the time appointed for the holding of the EGM at the Company's principal place of business in the PRC at Building 4, Lane 127, Guotai Road, Shanghai, the PRC (for holders of Domestic Shares) or the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) as stipulated in the proxy form.
4. The Register of Members of the Company will be closed from 3 June 2021 to 5 July 2021 (both dates inclusive) during which period no transfer of shares will be registered. To be qualified to attend the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's principal place of business in the PRC at Building 4, Lane 127, Guotai Road, Shanghai, the PRC (for holders of Domestic Shares) or the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) no later than 4:30 p.m. on 2 June 2021.
5. Shareholders or their proxies shall provide their identification documents when attending the EGM. If corporate Shareholders appoint authorized representative to attend the EGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.
8. Information containing further details regarding the proposed resolutions set out in the above notice as required by the Listing Rules are set out in appendix 1 to 8 to this circular.