

Nanjing Sample Technology Co., Ltd.

Rules of Procedures of Audit Committee of the Board

Chapter 1 General Provisions

Article 1 In order to strengthen the decision-making functions of the Board of Directors of Nanjing Sample Technology Co., Ltd (hereinafter referred to as the , and to conduct audit in advance and professional audit so as to ensure the effective supervision of the management by the Board and improve the corporate governance structure, the Board of Directors of the Company formulated the Rules in accordance with the China, the Articles of Association and other relevant regulations.

Article 2 The Audit Committee

C is a specific organ under and established by the Board, shall be mainly responsible for the communication, supervision and inspection of the financial reporting, risk management, internal control, external and internal audit of the Company. The internal audit department established by the Company shall hold responsibilities for and report to the Audit Committee

Chapter 2 Composition

Article 3 The Audit Committee shall comprise three directors, and majority of which shall be independent director, and at least one of the independent director shall have the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as

Audit Firm"), responsible for auditing the Company's accounts, shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his/her ceasing:

- (1) to be a partner of the Audit Firm; or
- (2) to have any financial interest in the Audit Firm, whichever is later.

Article 4 The members of the Audit Committee shall be nominated by the Chairman of the Board, more than half of the independent non-executive Directors or more than one third of all Directors, and shall be elected by the Board.

Article 5 The Audit Committee shall have one chairman, who shall be an independent Director and be responsible for leading the work of the committee. The chairman shall be elected from members of the Committee and be repo

7 to nominate the person in-charge of the Internal Audit Department of the Company

8 other matters conferred by law and regulations, administrative rules and the

Article 8 The Audit Committee shall hold responsibilities for the Board. The proposals of the Committee shall be submitted to the Board for consideration and approval.

Article 9 The Audit Committee shall work in accord with the audit activities of the supervisors of Supervisory Committee.

Article 10 In respect of relationship with the external auditors, the Audit Committee shall have the following duties:

(1) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;

and the effectiveness of the audit process in accordance with applicable standards. The audit committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging an external auditors to supply non-
under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to act as the key representative body for overseeing the Company relations with the external auditors.

Article 11
statements and annual report and accounts, half-year report and, if prepared for

publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:

- (1) any changes in accounting policies and practices;
- (2) major judgmental areas;
- (3) significant adjustments resulting from audit;
- (4) the going concern assumptions and any qualifications;
- (5) compliance with accounting standards; and
- (6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

Article 12 Regarding Article 11 above:

(1) Members of the Audit Committee should liaise with the Board and senior management; and the Committee must meet, at least twice a year, with the
rs; and

(2) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due
responsible for the accounting and financial reporting function, compliance officer or external auditors;

Article 13

reporting system, risk management and internal control systems with following major duties:

(1 risk management and internal control systems;

(2) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff
accounting and financial reporting function;

(3) to consider major investigation findings on risk management and internal

response to these findings;

(4) to ensure co-ordination between the internal and external auditors with the Company internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and should review and monitor its effectiveness;

ent letter, any material queries raised by the auditor to management about accounting records, financial accounts or

(7) to ensure that the Board will provide a timely response to the issues raised in the exter

(8) to review arrangements for employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(9) to report to the Board on the matters in respect of the applicable provisions set out in the Corporate Governance Code , Appendix 14 of The Main Board Listing Rules.

(10) to consider other topics, as defined by the Board.

Article 14 The committee shall review its performance, articles of association and terms of reference at least once a year to ensure it operates at maximum efficiency and propose to the Board for any changes it deems necessary for approval.

Chapter 4 Authority

Article 15 The Audit Committee is authorised by the Board to inspect all accounts, books and records of the Company.

Article 16 The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it

reasonably requires from any employee. All employees are directed to co-operate with any request made by the Audit Committee.

Article 17 The Audit Committee is authorized by the Board to obtain external legal or independent advice to assist the Committee to perform its tasks and to invite external experts with relevant experience and expertise to attend the meeting if it thinks necessary.

Chapter 5 Regulations on Annual Report Work of the Audit Committee of the Board of Directors

Article 18 Members of the Audit Committee shall perform their responsibilities and duties diligently in the process of preparation and disclosure of the Annual Report of the Company

Article 19 The Audit Committee shall liaise with the accounting firm responsible for the annual audit of the Company and confirm the time arrangement of the audit of the annual financial statements.

Article 20 The Audit Committee shall demand the accounting firm to submit the within the prescribed time, and shall record the form, number and results of such demand in writing, which shall be signed by all relevant parties.

Article 21 The Audit Committee shall review the financial accounting statements prepared by the Company and form its written opinions before the commencement of certified public accountants (hereinafter referred to as the) responsible for conducting annual audit.

Article 22 The Audit Committee shall enhance effective communication with the Certified Accountant for Annual Audit as it undertakes the audit, and shall review the financial statements of the Company and issue written opinion thereof after the Certified Accountant for Annual Audit has issued their preliminary audit opinions.

Article 23 After completion of the audit report of annual financial accounts, the Audit Committee shall convene a meeting to vote on the relevant resolution and submit the same to the Board for approval, and at the same time shall submit the audit conclusion of

statements and the resolution regarding the re-appointment or change of accounting firm.

Article 24 The chairman of the Audit Committee or in his/her absence, another member of the Audit Committee who should be independent director, shall attend the questions on the Remuneration Committee

Chapter 6 Decision-making Procedures

Article 25 The internal Audit Department of the Company is responsible for making preliminary preparations for the decision making process of the Audit Committee and providing relevant written information of the Company in relation to:

- 1 relevant financial reports of the Company;
- 2 work reports of internal and external auditors;
- 3 external audit contracts and relevant work reports;
- 4 public disclosure of information made by the Company;
- 5 audit reports on material connected transactions of the Company; and
- 6 other related matters.

Article 26 The Audit Committee shall convene meetings to discuss the reports submitted by the internal Audit Department of the Company, and shall submit its relevant written resolutions to the Board for consideration:

- 1 work appraisal on external auditors, and the engagement and replacement of external auditors;
- 2 report on whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are true and accurate in all aspects;
- 3 report on whether the financial information disclosed publicly by the Company is objective and accurate and whether major connected transactions of the Company are in compliance with relevant laws and regulations;
- 4 work appraisal of the financial department and audit department of the Company, including their persons-in-charge; and

5 other related matters.

Chapter 7 Rules of Procedures

Article 27 The notice of a meeting of the Audit Committee shall be given to all members five days before the date of the meeting. In case of emergency, the notice may be given at any time.

Article 28 Audit Committee member may attend the meeting in person, or may appoint other member to attend the meeting and to exercise voting rights on his behalf.

Audit Committee member appointing other member attending the meeting and exercising the voting rights shall submit to the chairman of the meeting the power of attorney. The power of attorney shall be submitted to the chairman of the meeting no later than the voting at the meeting.

Article 29 Audit Committee member neither attend the meeting in person, nor appoint other member to attend the meeting on his behalf, shall be deemed not attending the relevant meeting.

Audit Committee member will be deemed to have failed to appropriately perform his duties if he fails to attend the meetings of the Board in person twice consecutively. The Audit Committee shall make recommendations to the Board to replace such member.

Article 30 The meeting shall be convened and presided over by the chairman of the Committee. Should the chairman fails or is unable to discharge his duties, he shall designate another member (independent director) to act on his behalf. Should the chairman neither discharge his duties, nor designate another member to act on his behalf, any member can report the related situation to the Board of the Company. The Board of the Company shall designate a member to discharge the duties of the chairman.

Article 31 The meeting of the Audit Committee shall not be held unless over two-thirds of members attend the meeting. Each member shall have one vote and the resolutions made by the meeting must be approved by over half of all members.

Article 32 The voting method of the meeting of the Audit Committee shall be voting by a show of hands or by a way of poll. A provisional meeting may be held by way of voting by correspondence.

Article 33 The internal audit department of the Company shall submit internal audit report at least once a year to Audit Committee; the person in-charge shall attend the meeting of the Audit Committee. The Chief Financial Officer and representative of external auditors can attend the meeting as request by the Audit Committee. Other directors, supervisors, the senior management of the Company and other relevant personnel may be invited by Audit Committee if necessary, for attending meetings as non-voting delegates, briefing or comments. However, non-audit committee members shall have no rights to vote on the motion.

Article 34 If necessary, the Audit committee may appoint independent intermediate institutions to provide professional advice for its decision-making at the expense of the Company.

Article 35 The Audit Committee shall meet at least two times each year.

Article 36 The Audit Committee shall meet with the representative of external auditors not less than twice a year. However, at least once a year the Audit Committee shall meet with the external auditors without executive board members present. The external auditors may request a meeting if they consider it necessary.

Article 37 The convening

internal audit department and the relevant information, issue the written assessment of views on the effectiveness of the internal control of the Company, and report to the Board. The Board shall promptly report to the stock exchange and disclosed should the internal control system of the Company is of any material defeats or risks considered by Audit Committee. The Company shall disclose the defects of the internal control existed, the consequences which has been or possibly been led and measures taken, in the foregoing announcement.

Article 40 All members of the committee and others present at the meeting shall have the obligation for keeping the discussed matters confidential and shall not disclose the relevant information.

Chapter 8 Supplementary Provisions

Article 41 The Rules (and any amendments thereof) shall come into effect upon approval at a board meeting.

Article 42 For the matters which are not covered by the Rules, they shall be executed in accordance with the relevant laws and regulations of the State, administrative rules and the Articles of Association. In the event that the Rules are not in congruence with the laws and regulations promulgated by the State, administrative rules or the Articles of Association amended through valid procedure, the relevant laws and regulations of the State, administrative rules and the Articles of Association shall prevail.

Article 43 The right to interpret the Rules shall reside with the Board.

Should there be any discrepancy between the English and the Chinese versions of this document, the Chinese version shall prevail.