

THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H Shares in Zhejiang Tengy Environmental Technology Co., Ltd, you should at once hand this circular together with the form of proxy and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1527)

(1) PROPOSED A SHARE OFFERING AND RELATED MATTERS
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
THE MEETING PROCEDURAL RULES AS WELL AS PROPOSED
FORMULATION AND IMPLEMENTATION
OF THE CORPORATE GOVERNANCE RULES
(3) DISCLOSEABLE AND CONNECTED TRANSACTION
REGARDING ASSET ACQUISITION
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING
NOTICE OF THE DOMESTIC SHAREHOLDERS' CLASS MEETING
NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



A letter from the Board (as defined in this circular) is set out on pages 7 to 33 of this circular and a letter from the Independent Board Committee (as defined in this circular) to the Independent Shareholders (as defined in this circular) is set out on page 34 of this circular. A letter from the Independent Financial Adviser (as defined in this circular), containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Asset Acquisition is set out on pages 35 to 44 of this circular. Further, please also see pages 209 to 217 of this circular for the notices of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting.

If you intend to attend the EGM, the Domestic Shareholders' Class Meeting and/or the H Shareholders' Class Meeting, please complete and return the applicable reply slip(s) in accordance with the instructions printed thereon as soon as possible and in any event by no later than Friday, 26 May 2017.

Shareholders who intend to appoint a proxy to attend the EGM, the Domestic Shareholders' Class Meeting and/or the H Shareholders' Class Meeting shall complete and return the applicable proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarised.

In the case of joint holders of shares of the Company, only the holder whose name appears first in the register of members of the Company shall alone be entitled to vote at the EGM, the Domestic Shareholders' Class Meeting and/or the H Shareholders' Class Meeting either in person or by proxy in respect of such shares.

For H Shareholders, please return the proxy form together with any documents of authority to Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM and the H Shareholders' Class Meeting. For Domestic Shareholders, please return the proxy form together with any documents of authority to the registered office of the Company in the PRC at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM and the Domestic Shareholders' Class Meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting or any adjournment thereof should you so wish.

28 April 2017

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	7
1. INTRODUCTION	7
2. PROPOSED A SHARE OFFERING AND RELATED MATTERS	8
3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE MEETING PROCEDURAL RULES AS WELL AS PROPOSED FORMULATION AND IMPLEMENTATION OF THE CORPORATE GOVERNANCE RULES FOR THE PURPOSE OF PROPOSED A SHARE OFFERING	18
4. IMPACT OF THE PROPOSED A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY	20
5. BENEFITS AND REASONS FOR THE PROPOSED A SHARE OFFERING	21
6. FUND RAISING ACTIVITIES	21
7. ASSET ACQUISITION AND RELATED MATTERS	22
8. THE EGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING	31
9. RECOMMENDATIONS	32
10. ADDITIONAL INFORMATION	33
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	34
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	35
APPENDIX I — FUTURE DIVIDEND PLAN FOR THE THREE YEARS AFTER THE PROPOSED A SHARE OFFERING	45
APPENDIX II — A SHARE PRICE STABILISATION PLAN FOR THE THREE YEARS AFTER THE PROPOSED A SHARE OFFERING	48
APPENDIX III — DILUTION OF IMMEDIATE RETURN AS A RESULT OF THE PROPOSED A SHARE OFFERING AND REMEDIAL MEASURES	55
APPENDIX IV — REPORT ON THE USE OF PROCEEDS OF THE H SHARE OFFERING	58
APPENDIX V — REPORT ON RELATED PARTY TRANSACTIONS	63

CONTENTS

	<i>Page</i>
APPENDIX VI — PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION PURSUANT TO THE PROPOSED A SHARE OFFERING	70
APPENDIX VII — PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING	109
APPENDIX VIII — PROPOSED CORPORATE GOVERNANCE RULES PURSUANT TO THE PROPOSED A SHARE OFFERING	132
APPENDIX IX — VALUATION REPORT	183
APPENDIX X — GENERAL INFORMATION	203
NOTICE OF THE EXTRAORDINARY GENERAL MEETING	209
NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING	212
NOTICE OF H SHAREHOLDERS' CLASS MEETING	215

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	means the ordinary shares(s) proposed to be newly issued by the Company pursuant to the Proposed A Share Offering or converted from the Domestic Shares, with a nominal value of RMB1.00 each, all of which will be listed on the Shanghai Stock Exchange and traded in RMB
“A Share Offering Prospectus”	means the prospectus of the Company to be published for the Proposed A Share Offering
“Accessory Equipments”	has the meaning ascribed to it under paragraph 7.4 of the “Letter from the Board” contained in this circular
“Articles of Association”	means the articles of association of the Company, as amended from time to time
“Asset Acquisition”	the proposed acquisition of the Subject Assets by the Company from TGL
“Asset Acquisition Agreement”	the agreement dated 15 March 2017 entered into between TGL, as the vendor, and the Company, as the purchaser, in respect of the Asset Acquisition
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	means the board of directors of the Company
“Board Meeting”	means the meeting of the Board held on 2 March 2017
“Business Day”	a day (other than a Saturday, a Sunday or public holiday) on which banks in Hong Kong are normally open for banking business to members of the public
“Company”	means Zhejiang Tengy Environmental Technology Co., Ltd, a joint stock limited liability company incorporated under the laws of the PRC on 28 December 2009, the H Shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 1527)
“Completion”	completion of the Asset Acquisition in accordance with the terms and conditions of the Asset Acquisition Agreement
“Completion Date”	the date on which Completion shall take place
“Conditions Precedent(s)”	has the meaning ascribed to it under paragraph 7.1 of the “Letter from the Board” contained in this circular

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Consideration”	has the meaning ascribed to it under paragraph 7.1 of the “Letter from the Board” contained in this circular
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Corporate Governance Rules”	means a list of rules and measures as set out under paragraph 3.2 of the “Letter from the Board” contained in this circular
“CSRC”	means the China Securities Regulatory Commission
“Director(s)”	means the director(s) of the Company
“Domestic Share(s)”	means the ordinary shares issued by the Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and will be converted into A Shares upon completion of the Proposed A Share Offering
“Domestic Shareholder(s)”	means the holder(s) of the Domestic Share(s)
“Domestic Shareholders’ Class Meeting”	means the class meeting of Domestic Shareholders to be held at 11:30 a.m. on Thursday, 15 June 2017 at the Company’s conference room, TENGY Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC or any adjournment thereof, or immediately after the conclusion of the EGM (whichever is the later)
“EGM”	means the extraordinary general meeting of the Company to be held at 10:30 a.m. on Thursday, 15 June 2017 at the Company’s conference room, TENGY Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC or any adjournment thereof
“Group”	means the Company and its subsidiaries
“Guidelines”	means the Guidelines for Articles of Association of Listed Companies (Revised in 2016) issued by the CSRC
“H Share Offering Prospectus”	means the prospectus of the Company dated 24 September 2015 published for the H Share Offering

DEFINITIONS

“H Share(s)”	means overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is/are listed on the Hong Kong Stock Exchange and traded in HK\$
“H Shareholder(s)”	means the holder(s) of the H Share(s)
“H Shareholders’ Class Meeting”	means the class meeting of H Shareholders to be held at 12:30 p.m. on Thursday, 15 June 2017 at the Company’s conference room, TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC or any adjournment thereof, or immediately after the conclusion of the Domestic Shareholders’ Class Meeting (whichever is the later)
“H Share Offering”	means the initial public offering of the H Shares globally and the listing thereof on the Hong Kong Stock Exchange on 12 October 2015
“H Share Registrar”	means Tricor Investor Services Limited
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee comprising all of the independent non-executive Directors, namely Ms. TAM Hon Shan Celia, Mr. ZHANG Bing and Mr. JIANG Yan
“Independent Directors”	means the independent directors of the Company
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Asset Acquisition
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting at the EGM pursuant to the Hong Kong Listing Rules

DEFINITIONS

“Independent Third Party(ies)”	means person(s) who, as far as the Directors are aware after having made all reasonable enquiries, are not connected persons of the Company
“Issue and Underwriting Measures”	means the Measures for the Administration of Issue and Underwriting of Securities* (《證券發行與承銷管理辦法》) issued by the CSRC
“Land-use right”	has the meaning ascribed to it under paragraph 7.4 of the “Letter from the Board” contained in this circular
“Latest Practicable Date”	27 April 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Mandatory Provisions”	means the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (《到境外上市公司章程必備條款》) issued by the Securities Commission of the State Council and the State Commission for Restructuring the Economic System of the PRC
“Meeting Procedural Rules”	means the Procedural Rules of the General Meetings, the Procedural Rules of the Board Meetings and the Procedural Rules of the Supervisory Committee Meetings
“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“Offering Measures”	means the Measures for the Administration of the Initial Public Offering and Listing of Shares* (《首次公開發行股票並上市管理辦法》) issued by the CSRC
“Parties”	parties to the Asset Acquisition Agreement, being TGL and the Company
“PRC”	means the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	means the Company Law of the PRC (《中華人民共和國公司法》)
“PRC Securities Law”	means the Securities Law of the PRC (《中華人民共和國證券法》)
“Procedural Rules of the Board Meetings”	means the procedural rules of the Board meetings
“Procedural Rules of the General Meetings”	means the procedural rules of the general meetings of the Company

DEFINITIONS

“Procedural Rules of the Supervisory Committee Meetings”	means the procedural rules of the meetings of the Supervisory Committee
“Property”	has the meaning ascribed to it under paragraph 7.4 of the “Letter from the Board” contained in this circular
“Proposed A Share Offering”	means the Company’s proposed initial public offering of not more than 15,000,000 A Shares in the PRC
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	means the share(s) of the Company, including Domestic Share(s) and H Share(s)
“Shareholder(s)”	means the shareholder(s) of the Company
“Subject Assets”	means the assets to be acquired by the Company from TGL under the Asset Acquisition Agreement, being (i) the Property, (ii) the Land-use right and (iii) the Accessory Equipments
“Supervisory Committee”	means the supervisory committee of the Company
“TGL”	means Tengy Group Limited, also known as Tianjie Group Co., Ltd.*, (天潔集團有限公司) (formerly known as Zhejiang Tianjie Machinery Group Co., Ltd.* (浙江天潔機械集團有限公司)), a company incorporated in the PRC with limited liability on 5 June 1995 owned as to approximately 64.08% by Mr. BIAN Yu, 22.81% by Mr. BIAN Jianguang and 13.11% by Ms. BIAN Shu, and is a controlling Shareholder holding approximately 51.85% interest in our Company upon the H Share Offering
“Valuation Date”	the date as at which the Subject Assets were valued for the purpose of issuance of the Valuation Report, i.e. 28 February 2017
“Valuation Report”	means the valuation report dated 18 April 2017 compiled by the Valuer, and the extract of which is set out in Appendix IX to this circular

DEFINITIONS

“Valuer” or “Orient Appraisal” means Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司), an independent professional valuer appointed by the Company for the purpose of the Asset Acquisition

“%” means per cent

* *For identification purposes only*

LETTER FROM THE BOARD

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd

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

(Stock Code: 1527)

Executive Directors:

Mr. BIAN Yu
Mr. BIAN Weican
Ms. BIAN Shu

Registered office in the PRC:
Yangfu Village, Paitou Town
Zhuji City
Zhejiang Province
The PRC

Non-executive Directors:

Mr. BIAN Jianguang
Mr. ZHANG Yuanyuan
Ms. ZHU Hong

*Principal place of business
in Hong Kong:*
22/F World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

Independent non-executive Directors:

Ms. TAM Hon Shan Celia
Mr. ZHANG Bing
Mr. JIANG Yan

28 April 2017

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED A SHARE OFFERING AND RELATED MATTERS
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
THE MEETING PROCEDURAL RULES AS WELL AS PROPOSED
FORMULATION AND IMPLEMENTATION
OF THE CORPORATE GOVERNANCE RULES
(3) DISCLOSEABLE AND CONNECTED TRANSACTION
REGARDING ASSET ACQUISITION
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING
NOTICE OF THE DOMESTIC SHAREHOLDERS' CLASS MEETING
NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 15 March 2017. The following resolutions have been passed by the Board at the Board Meeting held on 2 March 2017: (1) the Proposed A Share Offering; (2) grant of authorisation to the Board to deal with all matters relating to the Proposed A Share Offering; (3) plan for distribution of profits accumulated before the Proposed A Share Offering; (4) use of proceeds of the Proposed A Share Offering and the feasibility analysis; (5) future dividend plan for the three years after the

LETTER FROM THE BOARD

Proposed A Share Offering; (6) A Share price stabilisation plan for the three years after the Proposed A Share Offering; (7) dilution of immediate return as a result of the Proposed A Share Offering and remedial measures; (8) report on the use of proceeds of the H Share Offering; (9) undertakings regarding the disclosure of information in the A Share Offering Prospectus; (10) appointment of domestic auditor; (11) report on the related party transactions for the period from 1 January 2014 to 31 December 2016; (12) proposed amendments to the Articles of Association and the Meeting Procedural Rules pursuant to the Proposed A Share Offering; (13) proposed formulation and implementation of the Corporate Governance Rules; and (14) the Asset Acquisition.

The proposals of (1) to (4) and (12) above are to be approved by the Shareholders by way of special resolution at the EGM and the proposals of (5) to (10), (11), (13) and (14) above are to be approved by the Shareholders by way of ordinary resolution at the EGM.

The proposals of (1) to (9) above are also to be approved by the Domestic Shareholders at the Domestic Shareholders' Class Meeting and by the H Shareholders at the H Shareholders' Class Meeting, respectively.

The purpose of this circular is to provide you with the information regarding, among other things, proposed resolutions (1) to (14) above to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM, the Domestic Shareholders' Class Meeting and/or the H Shareholders' Class Meeting.

2. PROPOSED A SHARE OFFERING AND RELATED MATTERS

2.1 The Proposed A Share Offering

Subsequent to the successful completion of the H Share Offering, the Company considers applying for an initial public offering and listing of the A Shares in order to tap both domestic and international capital markets, enhance the liquidity of all Shares held by the Shareholders and promote an optimised corporate governance structure.

At the Board Meeting, the Board resolved and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of special resolution a proposal for the Proposed A Share Offering. The Proposed A Share Offering will be made in accordance with the PRC Company Law, the PRC Securities Law, the Offering Measures, the Opinions on Further Promoting the IPO System Reform* 《關於進一步推進新股發行體制改革的意見》, the Issue and Underwriting Measures, the Measures for Strengthening the Regulation and Supervision on Issue of New Shares* 《關於加強新股發行監管的措施》 and other relevant laws and regulations of the PRC. Details of the Proposed A Share Offering are set out as follows:

A. *Type of securities to be issued*

A Shares

LETTER FROM THE BOARD

B. Nominal value per Share

RMB1.00 per Share

C. Stock Exchange for the proposed listing of the A Shares

Shanghai Stock Exchange

D. Offering size

The Company will issue no more than 15,000,000 new A Shares. Such number will be adjusted accordingly to reflect stock dividend, transfer of capital reserve into capital and any other ex-rights events if occurred prior to the Proposed A Share Offering. The actual offering size will be determined by the Board in accordance with the relevant rules and regulations and the authorisation of the general meetings of the Company, and after consideration of the market conditions and consultation with the sponsor(s) and the lead underwriter(s).

The abovementioned offering size is determined on the basis of the Company's present shareholding structure, the funding needs for carrying out the proposed investment projects that are to be funded with proceeds from the Proposed A Share Offering, the estimated performance of the Company at the time of the Proposed A Share Offering, the estimated valuation of the PRC capital market and a combination of other relevant factors.

Assuming that there are no further changes to the total issued share capital of the Company prior to the completion of the Proposed A Share Offering, the aforesaid maximum number of new A Shares to be issued under the Proposed A Share Offering represents approximately 15.00% and 11.11%, respectively, of the total share capital of the issued Domestic Shares and the total issued share capital of the Company as of the date of this circular and approximately 13.04% and 10.00%, respectively, of the total share capital of the issued Domestic Shares and the total issued share capital of the Company as enlarged by the issue of the A Shares under the Proposed A Share Offering. The said proportions of new A Shares to be issued pursuant to the Proposed A Share Offering are in conformity with the prevailing legal and regulatory requirements of the PRC.

E. Target Subscribers

Save for the circumstances as highlighted below prohibiting certain categories of persons from subscription of A Shares pursuant to the relevant PRC laws and regulations, the target subscribers of the A Shares are inquiring subscribers who satisfy the relevant qualification requirements, as well as natural persons, legal

LETTER FROM THE BOARD

persons and other institutional investors who have opened A share securities accounts with the Shanghai Stock Exchange:

- Section 43 of the PRC Securities Law

Professionals of stock exchanges, securities companies as well as securities registration and settlement institutions, employees of securities supervisory management institutions, coupled with other individuals who are prohibited from engaging in equity transactions under the laws and administrative regulations, are not allowed to hold, transact or receive by way of gift from other parties shares either directly in his/her own name, or indirectly with the use of pseudonyms or in the capacity of another, during his/her term of service or within the prescribed statutory period. Any persons who had been in possession of shares prior to assumption of his/her roles as mentioned above are obliged to pursue the transfer procedures in accordance with the laws.

- Section 45 of the PRC Securities Law

Throughout the period of underwriting of securities and for a further six-month period from the expiry thereof, any securities servicing institutions and their employees having engaged in the issuance of audit reports, valuation reports or legal opinions for the purpose of the aforesaid securities issuance exercise are prohibited from purchase or sale of such securities. Save and except the foregoing provision, any securities servicing institutions and their employees having engaged in the issuance of audit reports, valuation reports or legal opinions for any listed companies are prohibited from purchase or sale of such listed securities from the date of acceptance of engagement by any listed companies to the expiry of the five-day period of the date of publication of any of the said reports.

In the event that any connected person of the Company becomes a subscriber of the A Shares, the Company will take every reasonable step to comply with the relevant requirements under the Hong Kong Listing Rules. As of the date of this circular, it is expected that all A Shares to be issued will be held by Independent Third Parties.

F. Method of offering

A combination of (i) offline book-building and placement to the inquiring subscribers and (ii) online applications or other offering methods approved by the CSRC.

G. Pricing methodology

Having fully considered the interests of existing Shareholders as a whole coupled with the actual circumstances of the Company and the capital market at the time of the Proposed A Share Offering, the issue price of the A Shares under the

LETTER FROM THE BOARD

Proposed A Share Offering will be determined by way of enquiries with offline investors, direct pricing pursuant to negotiations between the Company and the lead underwriter, or other legally practicable methods.

In accordance with section 127 of the PRC Company Law, the share issue price could be the same as or above the par value of each share but shall in no event be less than it. Besides, section 34 of the PRC Securities Law stipulates that for shares being issued at premium, the issue price could be determined by way of negotiation between the issuer and the securities underwriting institutions. In light of the foregoing, the Company expects that the issue price of the A Shares under the Proposed A Share Offering shall exceed the net asset value per Share of approximately RMB5.37 with reference to the most recent audited financial statements of the Company for the year ended 31 December 2016.

Further announcements regarding the issue price, offering size, pricing mechanism and other particulars of the Proposed A Share Offering will be made by the Company as and when appropriate.

H. Method of underwriting

The offering will be underwritten by the lead underwriter(s) on a standby commitment basis. As at the date of this circular, the Company has neither entered into negotiations nor made formal appointments with any underwriter(s) for the purpose of the Proposed A Share Offering. It is expected that any underwriter(s) so appointed are expected to be Independent Third Parties.

I. Conversion of the form of the Company

The Company will apply for conversion into a joint stock company with limited liability with both domestic and overseas listed Shares.

J. Validity period of the resolution for the Proposed A Share Offering

The validity period of the resolution for the Proposed A Share Offering is 12 months from the date when that proposal is considered and approved by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting.

The Directors consider that a validity period of 12 months for the resolution regarding the Proposed A Share Offering is required since there is an uncertainty as to the time required to obtain the approvals from the CSRC and other regulatory authorities of the PRC for the Proposed A Share Offering. The Company will seek the Shareholders' approval on continuation with the Proposed A Share Offering if it does not complete within the 12 months validity period, unless the Board subsequently decides not to proceed further with the Proposed A Share Offering. To the best knowledge of the Company and subject to the approval process of the relevant regulatory authorities, the Company expects to complete the Proposed A Share Offering within three years.

LETTER FROM THE BOARD

K. Rights attached to the A Shares to be issued pursuant to the Proposed A Share Offering

A Shares to be issued pursuant to the Proposed A Share Offering, when fully paid, will rank pari passu in all respects with the Domestic Shares and H Shares now in issue.

L. Listing of Domestic Shares as A Shares

Upon completion of the Proposed A Share Offering, the entirety of 100,000,000 Domestic Shares now held by the Domestic Shareholders shall become listed as A Shares with reference to Article 5.12 of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (上海證券交易所股票上市規則). The said situation is taken into account under the proposed amendments to the Articles of Association under Appendix VI to this circular and is in conformity with the prevailing legal and regulatory requirements of the PRC.

The Proposed A Share Offering is subject to approvals from the CSRC and other relevant authorities of the PRC. The Proposed A Share Offering will be made pursuant to the specific mandate to be sought respectively at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting and shall become effective upon approval by the Shareholders thereat. The Company will make further announcements when the detailed terms of the Proposed A Share Offering, such as issue price and issue size, are finalised.

2.2 Grant of authorisation to the Board to deal with all matters relating to the Proposed A Share Offering

For the purpose of the Proposed A Share Offering, a resolution is proposed at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of special resolution, to authorise the Board to deal with all matters relating to the Proposed A Share Offering, including but not limited to the following:

- (a) To formulate and implement detailed plan for the Proposed A Share Offering in accordance with the circumstances, including but not limited to, determining the offering date, target subscribers, the number of shares to be offered, pricing methods, offering methods, and other matters relating to the Proposed A Share Offering.
- (b) To handle the application matters relating to the Proposed A Share Offering, including but not limited to, the vetting, registration, filing and approval procedures with the relevant government agencies, regulatory authorities, stock exchanges and securities registration and settlement institutions.
- (c) To prepare, sign, execute, amend, supplement and deliver any agreements, contracts and necessary documents, including but not limited to memorandum of intent, prospectus, sponsorship agreement, underwriting agreement, various

LETTER FROM THE BOARD

announcements and shareholder notices in relation to the Proposed A Share Offering, as well as various explanation letters or letters of undertaking which are required by the regulatory authorities in relation to the Proposed A Share Offering.

- (d) To decide and appoint sponsor(s), underwriter(s), law firm(s), accounting firm(s), receiving bank(s) and other intermediaries in relation to the Proposed A Share Offering, and sign relevant agreements or contracts, such as sponsorship agreement, underwriting agreement, etc..
- (e) In accordance with any comments as may be received from the relevant regulatory authorities in the course of the application and approval of the Proposed A Share Offering and the actual circumstances of the Company, to adjust the plan for the investment projects and the use of proceeds including but not limited to the investment progress, the adjustment of investment ratio, and the signing of material agreements or contracts during the construction progress of the investment projects.
- (f) To determine a specific deposit account for the proceeds before the Proposed A Share Offering if required.
- (g) At the time of application for the Proposed A Share Offering in accordance with the changes in domestic and foreign laws, regulations and other regulating documents, requirements and recommendation of the relevant domestic and foreign government agencies and regulatory authorities as well as the actual circumstances of the Proposed A Share Offering, to adjust and revise the Articles of Association and other corporate governance documents to be revised and formulated for the purpose of the Proposed A Share Offering as considered and passed at the general meetings and the Board meetings.
- (h) To revise the relevant provisions of the Articles of Association upon completion of the Proposed A Share Offering in accordance with the results thereof, and to handle the business registration of the relevant changes.
- (i) To handle matters relating to the listing of the issued shares on the stock exchange and the relevant lockup of shares upon completion of the Proposed A Share Offering.
- (j) If the securities regulatory authorities issue new policies or regulations in relation to the initial public offering and listing, to adjust the offering plan of the Proposed A Share Offering in accordance with the new rules and requirements.
- (k) To determine and handle other matters relating to the Proposed A Share Offering in accordance with the relevant laws, regulations, departmental rules and regulating documents.

LETTER FROM THE BOARD

- (1) On the basis that the authorisation on the above has been obtained and unless the relevant laws and regulations provide otherwise, to propose to the EGM, H Shareholders' Class Meeting and Domestic Shareholders' Class Meeting for approval by way of special resolution on transfer of the aforesaid authorisation to the chairperson of the Board or such person designated by him/her to deal with matters related thereto.

The validity period of the authorisation under the subject resolution is 12 months from the date when this proposal is considered and approved by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

2.3 Plan for distribution of profits accumulated before the Proposed A Share Offering

At the Board Meeting, the Board resolved that, subject to any dividend distribution plan that may be declared by the Board and approved by the Shareholders before the completion of the Proposed A Share Offering, the undistributed profits of the Company accumulated before the Proposed A Share Offering will be shared by the existing and the new Shareholders after completion of the Proposed A Share Offering in proportion to their respective shareholdings.

The Board also resolved and submitted the above resolution to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of special resolution. The resolution will become effective upon approval by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

2.4 Use of proceeds of the Proposed A Share Offering and the feasibility analysis

It is estimated that the funds raised from the Proposed A Share Offering, after deducting relevant expenses, will not be more than approximately RMB255,000,000 and will be prioritised to be used on the following projects:

	<i>Unit: RMB</i>
Project	Proceeds to be invested
1 Production of additional 25 sets of comprehensive equipments for control of ultra-low emissions of industrial waste gas	155,000,000
2 Supplementation to the working capital in relation to the flue gas treatment projects, repayment of bank loans	<u>100,000,000</u>
Total	<u><u>255,000,000</u></u>

LETTER FROM THE BOARD

If the actual proceeds raised from the Proposed A Share Offering are more than the amount required for the above projects, the excess portion will be used to supplement the working capital of the Company or to be used in accordance with the relevant requirements of the regulatory authorities. If the actual proceeds raised from the Proposed A Share Offering are less than the amount required for the above projects, the shortfall will be funded by the Company with internal resources and bank loans. Before the proceeds of the Proposed A Share Offering are made available, the Company will fund the above projects in accordance with the capital requirements of these projects. When the proceeds of the Proposed A Share Offering subsequently become available, the Company will substitute the previous funds used by the Company with the funds raised from the Proposed A Share Offering in accordance with the relevant laws and regulations. The Board has conducted feasibility analysis and study on the projects to which proceeds from the Proposed A Share Offering is to be applied, and is of the view that implementation of such projects is feasible.

The proposal for use of proceeds of the Proposed A Share Offering was approved by the Board at the Board Meeting and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of special resolution. This proposal will become effective upon approval by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

2.5 Future dividend plan for the three years after the Proposed A Share Offering

Based on the demand for strategic development of the Company and in order to strengthen the consciousness of rewarding Shareholders, improve the dividend policies and communication mechanism, the Company has prepared the *Future Dividend Plan for the Three Years After the Proposed A Share Offering* in accordance with the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and Guidelines No. 3 on the Supervision of Listed Companies — Distribution of Cash Dividends by Listed Companies and other relevant laws and regulations, as well as the Articles of Association. Please see Appendix I to this circular for a copy of the said plan. The Board will be authorised to bring about modifications to the aforesaid future dividend plan with reference to the changes in the laws, rules, regulations and relevant policies or the opinions of domestic and overseas regulatory authorities.

This proposal was approved by the Board at the Board Meeting and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of ordinary resolution. The proposal approved by the Shareholders will become effective upon the completion of the Proposed A Share Offering.

2.6 A Share price stabilisation plan for the three years after the Proposed A Share Offering

In order to protect the legitimate rights and interests of the Shareholders, the Company has prepared the *A Share Price Stabilisation Plan for the Three Years after the Proposed A Share Offering* in accordance with the relevant laws and regulations of the

LETTER FROM THE BOARD

PRC. Please see Appendix II to this circular for a copy of the said plan. The Board will be authorised to bring about modifications to the aforesaid proposal with reference to the changes in the laws, rules, regulations and relevant policies or the opinions of domestic regulatory authorities.

This proposal was approved by the Board at the Board Meeting and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of ordinary resolution. Subject to the approval of the Shareholders, the proposal will become effective upon completion of the Proposed A Share Offering and the listing of the A Shares on the Shanghai Stock Exchange.

2.7 Dilution of immediate return as a result of the Proposed A Share Offering and remedial measures

The Company has conducted an analysis, in accordance with the Opinion on Further Strengthening the Protection of the Legal Interests of Minority Investors in the Capital Market* (《國務院辦公室關於進一步加強資本市場中小投資者合法權益保護工作的意見》) issued by the General Office of the State Council of the PRC, regarding the impacts of the Proposed A Share Offering on dilution of immediate return and formulated certain remedial measures as set out in Appendix III to this circular. The Board will be authorised to bring about modifications to the aforesaid remedial measures with reference to the changes in the laws, rules, regulations and relevant policies or the opinions of domestic and overseas regulatory authorities.

This proposal was approved by the Board at the Board Meeting and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of ordinary resolution. Subject to the approval of the Shareholders, the proposal will become effective upon completion of the Proposed A Share Offering.

2.8 Report on the use of proceeds of the H Share Offering

The Company has prepared the *Report on the Use of Proceeds of the H Share Offering*, a copy of which is set out in Appendix IV to this circular.

The aforesaid report was approved by the Board at the Board Meeting and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of ordinary resolution.

As of the date of this circular, certain part of the proceeds of the H Share Offering has not been used. The Company currently does not have any plan to change the use of proceeds of the H Share Offering as set out in the "Future Plans and Use of Proceeds" section of the H Share Offering Prospectus.

LETTER FROM THE BOARD

2.9 Undertakings regarding the disclosure of information in the A Share Offering Prospectus

In accordance with the relevant laws and regulations of the PRC, the Company and its controlling Shareholders propose to give the following undertakings in the A Share Offering Prospectus:

- (a) The Company and its controlling Shareholders undertake that if the competent government or judicial authorities determine that the A Share Offering Prospectus contains false content, misleading statements or material omissions, which is material for determining whether the Company satisfies the statutory qualification requirements for the Proposed A Share Offering, the Company will repurchase all the new Shares issued under the Proposed A Share Offering in accordance with laws. Details of the share repurchase plan are subject to the requirements of the relevant PRC laws and regulations.
- (b) The Company, the controlling Shareholders, actual controllers, Directors, supervisors and senior management of the Company undertake that if the A Share Offering Prospectus contains false content, misleading statements or material omissions, which leads to losses to the investors when dealing in the A Shares, such loss will be compensated in accordance with the relevant laws and regulations of the PRC.

The above proposal was approved by the Board at the Board Meeting and submitted to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by the Shareholders by way of ordinary resolution. The proposal shall become effective upon approval by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

2.10 Appointment of domestic auditor

The Board intends to appoint Ernst & Young Hua Ming LLP as the domestic auditor of the Company and as the auditor under the Proposed A Share Offering, and to authorise the Board to determine its remuneration.

This proposal was approved by the Board at the Board Meeting and submitted to the EGM for consideration and approval by the Shareholders by way of ordinary resolution. This resolution will become effective upon approval by the Shareholders at the EGM.

2.11 Report on the related party transactions for the period from 1 January 2014 to 31 December 2016

For the purpose of the Proposed A Share Offering, the Company has prepared the *Report on Related Party Transactions* with three-year details of related party transactions between January 2014 and December 2016 of the Company, a copy of which is set out in Appendix V to this circular.

LETTER FROM THE BOARD

Such proposal was approved by the Board at the Board Meeting and submitted to the EGM for consideration and approval by the Shareholders by way of ordinary resolution.

3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE MEETING PROCEDURAL RULES AS WELL AS PROPOSED FORMULATION AND IMPLEMENTATION OF THE CORPORATE GOVERNANCE RULES FOR THE PURPOSE OF PROPOSED A SHARE OFFERING

3.1 Proposed amendments to the Articles of Association and the Meeting Procedural Rules pursuant to the Proposed A Share Offering

In accordance with the relevant laws and regulations of the PRC, the Board proposed to amend the Articles of Association for use after the listing of the A Shares. The amended Articles of Association will become effective from the date of the completion of the Proposed A Share Offering. The main amendments to the Articles of Association include (i) mandatory provisions relating to the number of new A Shares to be issued; and (ii) new provisions to be introduced for the purpose of the Proposed A Share Offering. As at the date of this circular, the information relating to the number of A Shares to be finally issued under the Proposed A Share Offering is not yet finalised. The Company will fill in relevant information once such information is finalised. Please see Appendix VI to this circular for the proposed amendments to the Articles of Association pursuant to the Proposed A Share Offering.

Besides, for the purpose of the Proposed A Share Offering, the Board also proposed to amend the following Meeting Procedural Rules: (i) the Procedural Rules of the General Meetings, (ii) the Procedural Rules of the Board Meetings and (iii) the Procedural Rules of the Supervisory Committee Meetings. Please see Appendix VII to this circular for the proposed amendments to the Meeting Procedural Rules.

The aforesaid amendments (i.e. to the Articles of Association and each of the Meeting Procedural Rules) were approved by the Board at the Board Meeting and accordingly submitted to the EGM for consideration and approval by the Shareholders by way of special resolution. Subject to the approval of the Shareholders, the proposed amendments will become effective upon completion of the Proposed A Share Offering.

As advised by the Company's legal advisers, the proposed amendments to the Articles of Association and the Meeting Procedural Rules under the subject resolution comply with the relevant PRC laws and regulations and the Hong Kong Listing Rules.

Each of the Articles of Association and the Meeting Procedural Rules (including the proposed amendments thereto) is prepared in Chinese without an official English version. Any English translation is for reference only. In case of any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

LETTER FROM THE BOARD

3.2 Proposed formulation and implementation of the Corporate Governance Rules pursuant to the Proposed A Share Offering

For the purpose of the Proposed A Share Offering, the Board proposed to adopt the following Corporate Governance Rules: (i) Independent Directors' Rules* (《獨立董事制度》), (ii) Rules on the Management of Proceeds of Fund Raising* (《募集資金管理制度》) and (iii) Measures on the Management of Related Party Transactions* (《關聯交易管理辦法》). Please see Appendix VIII to this circular for the proposed Corporate Governance Rules.

The formulation and implementation of the Corporate Governance Rules was approved by the Board at the Board Meeting and accordingly submitted to the EGM for consideration and approval by the Shareholders by way of ordinary resolution. Subject to the approval of the Shareholders, the proposed Corporate Governance Rules will become effective upon completion of the Proposed A Share Offering and the listing of the A Shares on the Shanghai Stock Exchange.

As advised by the Company's legal advisers, the proposed Corporate Governance Rules comply with the relevant PRC laws and regulations and the Hong Kong Listing Rules.

Each of the proposed Corporate Governance Rules are prepared in Chinese without an official English version. Any English translation is for reference only. In case of any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

LETTER FROM THE BOARD

4. IMPACT OF THE PROPOSED A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For reference and illustration purposes only, assuming that there are no changes to the total issued share capital of the Company prior to the completion of the Proposed A Share Offering and that a maximum of 15,000,000 A Shares are issued under the Proposed A Share Offering (which represents approximately 11.11% of the total issued share capital of the Company as at the date of this circular and approximately 10.00% of the total issued share capital of the Company as enlarged by the issue of the A Shares under the Proposed A Share Offering), the shareholding structure of the Company immediately before and after completion of the Proposed A Share Offering is set out as follows:

	Immediately before completion of the Proposed A Share Offering		Immediately after completion of the Proposed A Share Offering	
	Approximate percentage in the Company's total issued share capital		Approximate percentage in the Company's total issued share capital	
	Number of Shares		Number of Shares	
Non-public Shares				
<i>A Shares to be converted from</i>				
<i>Domestic Shares</i>				
Bian Yu	13,671,000	10.13%	13,671,000	9.11%
Bian Jianguang	6,843,000	5.07%	6,843,000	4.56%
Bian Shu	3,933,000	2.91%	3,933,000	2.62%
Bian Weican	1,851,000	1.37%	1,851,000	1.23%
He Jianmin	1,851,000	1.37%	1,851,000	1.23%
Chen Jiancheng	1,851,000	1.37%	1,851,000	1.23%
TGL	<u>70,000,000</u>	<u>51.85%</u>	<u>70,000,000</u>	<u>46.67%</u>
Sub-total of Non-public Shares:	<u>100,000,000</u>	<u>74.07%</u>	<u>100,000,000</u>	<u>76.67%</u>
Public Shares				
<i>A Shares to be issued under the</i>				
<i>Proposed A Share Offering</i>				
	—	—	15,000,000	10.00%
<i>H Shares</i>	<u>35,000,000</u>	<u>25.93%</u>	<u>35,000,000</u>	<u>23.33%</u>
Sub-total of Public Shares:	<u>35,000,000</u>	<u>25.93%</u>	<u>50,000,000</u>	<u>33.33%</u>
Total:	<u><u>135,000,000</u></u>	<u><u>100%</u></u>	<u><u>150,000,000</u></u>	<u><u>100%</u></u>

Note: Owing to rounding, there may be a discrepancy between the total and the sum of individual items.

LETTER FROM THE BOARD

As a result of the Proposed A Share Offering and assuming a maximum of 15,000,000 A Shares are issued which are expected to be all held by the Independent Third Parties and counted as public float, the Company's public float (including H Shares and A Shares) will be approximately 33.33%. The Company would still be able to meet the minimum requirement on public float percentage as required under the Hong Kong Listing Rules. The Company will closely monitor its public float percentage to ensure that it, at all times, complies with the relevant requirements regarding public float under the Hong Kong Listing Rules and will promptly notify the Hong Kong Stock Exchange of any changes in the Company's public float.

5. BENEFITS OF AND REASONS FOR THE PROPOSED A SHARE OFFERING

Since the Company currently mainly focuses on its core business in the PRC, the Proposed A Share Offering will enhance the Company's corporate image and the brand name, further widen the Company's funding channels, increase the Company's working capital and achieve stronger recognition of the capital markets by attracting large institutional as well as medium and small investors in the PRC. The Directors also believe that the Proposed A Share Offering will be beneficial to the Company's business growth, financing flexibility and business development. It will also enable the Company to obtain more financial resources and improve the competitiveness of the Company, which would be beneficial to the long term development of the Company. Furthermore, the PRC securities regulatory authorities are promoting reform on the share offering registration system to increase the marketisation and financing efficiency of the securities market. Having considered the above factors, the Directors consider that the application for listing in the PRC should be kicked off as early as possible. This is in line with the Company's strategic development requirements, enables the Company to seize the opportunities in the developing capital market of the PRC, promotes long-term sustainable development of the Company and promotes greater value on the Shareholders' investment in the Company.

The Directors consider that the Proposed A Share Offering is in the best interests of the Company and the Shareholders as a whole. Each of the above resolutions is necessary for the Proposed A Share Offering to proceed. In the event that any of the resolutions is not approved by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting or the H Shareholders' Class Meeting, the Company will not proceed with the Proposed A Share Offering and may consider revising the terms of the Proposed A Share Offering and re-submit them to the Shareholders for approval.

6. FUND RAISING ACTIVITIES

In view of the changing market conditions and the current operation of the Group, the Company aims at developing a mixture of diversified funding channels in order to best suit its future development and investment strategy. When considering which fund raising channel is appropriate for a particular funding needs, the Company will consider a number of factors including the market condition, the interest rates in the market, the financing structure of the Company, the investment strategy at the relevant time, so as to ensure the funds are being utilised efficiently and appropriately.

LETTER FROM THE BOARD

As of the date of this circular, the Company has not conducted any fund raising activities in relation to the issue of equity securities of the Company in the 12 months immediately preceding the date of this circular, except for the H Share Offering of which the details are set out in the H Share Offering Prospectus. As of the date of this circular, the Company does not have any plan to conduct any similar fund raising activity (apart from the Proposed A Share Offering) in the next 12 months from the date hereof.

7. ASSET ACQUISITION AND RELATED MATTERS

At the Board Meeting, the Board also resolved to submit to the EGM for consideration and approval by the Shareholders by way of ordinary resolution for the Company's acquisition of the Subject Assets for the aggregate consideration of RMB79,000,000 (equivalent to approximately HK\$88,764,045). Details of the Asset Acquisition are set forth below in details.

7.1 The Asset Acquisition Agreement

Parties involved and their relationship

Vendor: TGL
Purchaser: The Company

Established in 5 June 1995 as a limited liability company in the PRC, the Vendor is the controlling Shareholder holding approximately 51.85% of the equity interests in the Company as at the date of this circular and, hence, a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

Subject matter

Pursuant to the Asset Acquisition, the Company conditionally agreed to acquire from TGL the Subject Assets, which comprise the Property, the Land-use right and the Accessory Equipments. Please refer to the paragraph headed "7.4. Information on the Subject Assets" in this circular for further details.

Consideration

The consideration (the "Consideration") for the Asset Acquisition in the aggregate amount of RMB79,000,000 (equivalent to approximately HK\$88,764,045) comprising (i) RMB50,300,000 (equivalent to approximately HK\$56,516,854) for the Property, (ii) RMB27,700,000 (equivalent to approximately HK\$35,147,078) for the Land-use right; and (iii) RMB1,000,000 (equivalent to approximately HK\$1,123,596) for the Accessory Equipments shall be paid in full by the Company to TGL in cash on the Completion Date or an another date as further agreed upon between the Parties.

LETTER FROM THE BOARD

Basis of determination of the Consideration

The Consideration was arrived at after arm's length and voluntary negotiations between the Company and TGL with reference to the fair market price taking into account, among others, the following:

- (i) the aggregate value of the Subject Assets as at the Valuation Date of RMB79,714,327 (equivalent to approximately HK\$89,566,660) as derived from the valuation conducted by the Valuer with reference to the assumptions, methodologies and conclusions set forth in details in the paragraph headed "7.5 Valuation assumptions and methods" below and further particularised in Appendix IX to this circular; and
- (ii) the quality as well as condition of the Subject Assets.

Conditions Precedent

Pursuant to the Asset Acquisition Agreement, the Asset Acquisition is conditional upon the fulfilment or, where applicable, waiver of the following conditions (the "**Conditions Precedent**"):

- (i) the approval of the transaction contemplated under the Asset Acquisition by the Independent Shareholders at the EGM;
- (ii) TGL, on or before the Completion Date, having performed and complied with all relevant obligations, commitments and undertakings in accordance with the Asset Acquisition Agreement;
- (iii) TGL, on or before the Completion Date, having completed all procedures in respect of the transfer of legal title of the Property to the Company (including but not limited to the completion of all the registrations, filings and other procedures under the applicable laws and regulations of the PRC), and thereafter provided the relevant documents in evidence of the same (including but not limited to the title certificate of real estate (不動產權證書), coupled with the duly executed documents with respect to the transfer of title); and
- (iv) the representations and warranties in respect of TGL being true, accurate and not misleading in all respects on or before the Completion Date.

The Company shall be entitled to waive any or all of the Conditions Precedents under sub-paragraph (ii) to (iv) above at its absolute discretion.

If any of the Conditions Precedents cannot be satisfied (or waived) before 30 September 2017, the Asset Acquisition Agreement shall be terminated automatically unless the Parties otherwise agree.

LETTER FROM THE BOARD

Other terms and conditions

Completion shall take place within 30 Business Days after the date on which the last Conditions Precedent is satisfied (or waived), or at such other time as the Parties shall agree in writing.

7.2 Information on the Group

The Group is principally engaged in the provision of integrated atmospheric pollution control solutions, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries.

7.3 Information on TGL

The Vendor is the controlling Shareholder and, hence, a connected person of the Company and is principally engaged in the business of, amongst other things, manufacturing and sale of machineries and spare parts, the sale of steel, building materials and other chemical products, scrap metals recycling and the construction and operation of wind power farms.

7.4 Information on the Subject Assets

The Subject Assets to be acquired by the Company from TGL pursuant to the Asset Acquisition Agreement comprise two main aspects of which the respective details are set out below:

The Property and the Land-use right

The property involved represents a factory erected on the land located at Xinle Village and Xinsheng Village, Paitou Town, Zhuji City, Zhejiang Province, the PRC (中國浙江省諸暨市牌頭鎮新樂村、新升村) with a total site area of approximately 59,273.50 sq. m. (the “**Property**”). The Property comprises, among others, factory premises with an aggregate gross floor area of 46,679.54 sq. m. to be used as production facilities as at the date of this circular.

As at the date of the Asset Acquisition Agreement, TGL possessed the state-owned land-use right for the land on which the Property was erected (the “**Land-use right**”) and the aforesaid factory premises were constructed therein in accordance with the title certificate of real estate (不動產權證書) also obtained by TGL.

LETTER FROM THE BOARD

Throughout the period immediately preceding the execution of the Asset Acquisition Agreement, the Company has been leasing the Property from TGL as its production facilities with lease term from 1 January 2015 to 31 December 2017 and an annual rental fee of RMB3,267,567.80. Upon completion of the Asset Acquisition, however, the said lease arrangement shall lapse accordingly. As of the Valuation Date, the details of the Property and the Land-use right are as follows:

No.	Item	Category	Original book value (RMB) <i>(Note 1)</i>	Accumulated depreciation/ amortisation (RMB)	Net book value (RMB)
1	Land-use right	Intangible asset	11,270,454.77	3,097,383.3	8,173,071.47
2	Property	Fixed asset	<u>47,947,889.23</u>	<u>17,629,106.11</u>	<u>30,318,783.12</u>
Total			<u>59,218,344</u>	<u>20,726,489.41</u>	<u>38,491,854.59</u>

Note 1: As per the accounting policy currently adopted by us, the corresponding value of each of the Subject Assets has been booked in accordance with the original costs borne by TGL in acquiring the same previously from Independent Third Parties (inclusive of the relevant taxes and other charges, if any). Accordingly, there is no difference in substance between the “original cost of acquisition” and the “original book value”, which is derived from the Company’s accounting records, as a matter of presentation.

The Accessory Equipments

Apart from the Property, the Subject Assets to be acquired by the Company from TGL also comprise various accessory equipments, of which the particulars are set out as follows (the “Accessory Equipments”):

No.	Name of equipment	Model	Number (Unit)	Original book value (RMB) <i>(Note 1)</i>	Net book value (RMB)
1	Electric single-girder (suspension) crane	LD10-22.5	5	315,000.00	108,018.75
2	Electric single-girder (suspension) crane	LDA10-22.5	8	504,000.00	172,830.00
3	Bridge (gantry) crane	QD10-22.5	3	675,000.00	231,468.75
4	Bridge (gantry) crane	QD15/3-22.5	1	278,000.00	95,330.83
5	Electric single-girder (suspension) crane	LD10-22.5	4	252,000.00	144,270.00
6	Electric single-girder (suspension) crane	LDA5-22.5	3	144,000.00	109,920.00
7	Electric single-girder (suspension) crane	LDA10-22.5	5	<u>315,000.00</u>	<u>240,187.50</u>
Total			29	<u>2,483,000.00</u>	<u>1,074,545.83</u>

Note 1: As per the accounting policy currently adopted by us, the corresponding value of each of the Subject Assets has been booked in accordance with the original costs borne by TGL in acquiring the same previously from Independent Third Parties (inclusive of the relevant taxes and other charges, if any). Accordingly, there is no difference in substance between the “original cost of acquisition” and the “original book value”, which is derived from the Company’s accounting records, as a matter of presentation.

7.5 Valuation assumptions and methods

(A) Selection of valuation methods

(1) Fixed assets — Accessory Equipments

A total of 29 machineries and equipments were included in the valuation scope, which included electric single-girder cranes and bridge cranes located in the Property. The depreciation policy of the Company is as follows: the estimated useful life for such cranes is ten years, and the residual value rate is 9% to 18%.

The basic methods generally adopted for valuation of machineries and equipments include cost method, market method and income method. Appropriate method for valuation shall be selected based on different situations.

Cost method refers to the determination of the value of the subject asset by all such costs required for the acquisition or construction of a brand new asset which is identical or similar to the subject asset under the current conditions and having it to reach the state of being capable of use, followed by the deduction of various depreciation or impairment costs.

Market method is a valuation method where the asset value is estimated through direct comparison or analogical analysis of recent transaction prices of the same or similar assets in the market.

Income method is a valuation method where the value of subject asset is determined by discounting the expected income to be derived therefrom in the future with appropriate discount rate.

Cost method is adopted for the valuation based on the purpose of valuation, the subject asset, value type, data collection and other related conditions.

For the purpose of valuation of the Accessory Equipments, the market method is not suitable for adoption as the domestic second-hand equipment market is underdeveloped without active sale and purchase transactions, and it is difficult to obtain comparable equipment trading cases; the income method is not suitable for adoption as the Accessory Equipments are used in the business operation as a whole, and do not have separate or measurable profit generation ability; the cost method is suitable for adoption as the sources of data and information related to the replacement cost of Accessory Equipments are adequate, and the impairment caused by wear and tear is measurable.

Accordingly, the value of the Accessory Equipments assessed by cost method amounted to RMB1,488,431.00.

LETTER FROM THE BOARD

(2) *Fixed assets — Property*

The Property included in the valuation scope is the factory premises built by TGL which was completed and put into use in 2008. It was erected on the land located at Xinle Village and Xinsheng Village, Paitou Town, Zhuji City with an aggregate gross floor area of 46,679.54 sq.m. A title certificate of real estate (不動產權證書) was obtained for the factory premises. Very few transactions were recorded among the nearby buildings of the same type. In addition, the Property is a building for own use without redevelopment plan in the future.

The basic methods generally adopted for valuation of buildings include market comparison method, income method, cost method and hypothetical development method. Appropriate method for valuation shall be selected based on different situations.

Valuation methods based on market comparison method should firstly be adopted where conditions permit.

For valuation of properties with income generation, income method should be adopted as one of the valuation methods.

The cost method refers to a method where the subject building is valued by deducting the actual depreciation, functional depreciation and economic depreciation from the replacement cost of such building in a brand new state under the current conditions.

For valuation of properties with investment and development or redevelopment potential, hypothetical development method shall be adopted as one of the valuation methods.

Where it is inappropriate to adopt market comparison method, income method and/or hypothetical development method for valuation due to the absence or insufficiency of market basis, cost method can be taken as the principal valuation method.

Cost method is eventually adopted by the Valuer for the valuation of the Property based on its features. The cost method is basically able to reflect the market value of the Property, which was valued at RMB50,385,896.00.

(3) *Intangible assets — Land-use right*

One Land-use right included in the valuation scope is owned by TGL which obtained the same by way of transfer. The subject right is for the land on which the Property was erected, i.e. located at Xinle Village and Xinsheng Village, Paitou Town, Zhuji City, which is 15 kilometers away from the centre of Zhuji City. As of the Valuation Date, the land for which the subject right was obtained is for own use with factory and office building erected thereon.

LETTER FROM THE BOARD

The land is flat and hardened with completion of access to water, electricity, gas, telecommunication and road and ground leveling outside the red line as well as installation of internal pipeline and network, and is available for normal production and operation.

The basic methods generally adopted for valuation of lands include market comparison method, income method, hypothetical development method, cost method and benchmark land price coefficient correction method. Appropriate method shall be adopted for valuation based on different usages.

The land usage can be mainly classified as (1) residential land; (2) industrial land; (3) commercial, tourism and entertainment land; (4) land of comprehensive usage; (5) land for education, science and technology, culture, health, sport or other purposes.

Market comparison method, hypothetical development method, income method and benchmark land price coefficient correction method are appropriate for residential land. For newly developed residential land, cost method can be adopted.

Market comparison method, cost method and benchmark land price coefficient correction method are appropriate for industrial land. Under special circumstances, income method may also be adopted.

Market comparison method, income method, hypothetical development method and benchmark land price coefficient correction method are appropriate for the valuation of commercial, tourism and entertainment land.

Market comparison method, income method and hypothetical development method are appropriate for the valuation of land of comprehensive usage.

Cost method is a method where the land price is determined mainly based on the sum of all objective costs required to develop the land as well as the interest, profit, tax payable and gain from appreciation of land.

Under the market comparison method, certain land transaction cases with similar conditions or identical value in use are selected under given market conditions for comparison against the subject land in terms of transaction particulars, transaction dates, regional factors and individual factors. The price of the subject land is determined by applying an adjustment coefficient to the comparable transaction selected.

Based on the valuation purpose, characteristics and actual conditions of the valuation target and the analysis of information collected, the market value of the subject land can be reflected through market comparison method as it is located in Xinle Village and Xinsheng Village, Paitou Town, Zhuji City, and there were many transactions involving similar industrial lands in surrounding areas in recent years which formed an active and public market. Meanwhile,

LETTER FROM THE BOARD

cost method may also be adopted for valuation as the policy documents in relation to land compensation in Zhejiang Province and Zhuji City are relatively complete. Accordingly, market comparison method is adopted for the valuation of the Land-use right, and cost method is adopted for verification purpose.

The unit price of the Land-use right valued under market comparison method was RMB469.7/sq.m., and the valuation under cost method was RMB405/sq.m. The difference between the results of such two methods was not significant, as the market comparison method reflected the actual acceptability of the current market to the land for which the Land-use right was obtained. Based on the actual conditions of the valuation subject, the result calculated under the market comparison method can reflect the value of the Land-use right in a more accurate manner. As such, the valuation result under market comparison method was adopted by the Valuer for valuation purposes, and the unit valuation price of the Land-use right was RMB469.7/sq.m. Accordingly, the value of the Land-use right was RMB27,840,000.00 (after rounding).

(B) Valuation conclusions

According to relevant laws, regulations and asset appraisal standards and following the principles of independence, objectivity and impartiality, the market value of the Subject Assets as at the Valuation Date was assessed in accordance with necessary assessment procedures under the cost method and market comparison method.

Upon valuation, the market value of the Subject Assets amounted to RMB79,714,327.00, among which the Property (being a fixed asset) was valued at RMB50,385,896.00, the Accessory Equipments (being fixed assets) were valued at RMB1,488,431.00 and the Land-use right (being an intangible asset) was valued at RMB27,840,000.00.

7.6 Qualifications and experiences of the Valuer

Established in 1999, Orient Appraisal is currently the largest professional asset appraisal institution in Eastern China with a team of around 300 registered surveyors and other professionals. It is with over 15 years of experience in the appraisal of residential, commercial and industrial properties in the PRC. It has obtained the Certificate of Appraisal of Businesses in relation to Securities and Futures* (證券期貨相關業務評估資格證書) jointly issued by the Ministry of Finance of the PRC and the China Securities Regulatory Commission (certificate number: 0210049005) as well as the Assets Appraisal Certificate* (資產評估機構資格證書) issued by State-owned Assets Supervision and Administration Commission of Shanghai* (上海市國有資產監督管理委員會) (certificate number: 31020001). In terms of the scope of asset appraisal operations, Orient Appraisal ranks first in Shanghai and top five on a national scale within the PRC.

LETTER FROM THE BOARD

On the basis of the foregoing, the Board considers that the Valuer engaged for the preparation and issuance of the Valuation Report is in possession of relevant qualifications as well as sufficient calibre and experience in performing the valuation of the Subject Assets.

7.7 Reasons for and benefits of the Asset Acquisition

The Board believes that the Asset Acquisition is beneficial to the Group in the following aspects:

- (i) the Asset Acquisition is in line with the Group's long-term corporate and business development objectives, with the focus on the continuing development of business that involves the provision of integrated atmospheric pollution control solutions; and
- (ii) with the optional use of financial resources, the Asset Acquisition could help the Group reduce the scope of connected transactions with, and accordingly the extent of operational reliance on, TGL in the long run, which lead to a strengthened corporate governance framework.

The Board (excluding the independent non-executive Directors, who shall provide their views after taking into account the advice of the Independent Financial Adviser) considered that the terms and conditions of the Asset Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Being Directors, Mr. BIAN Yu, Mr. BIAN Jianguang, Mr. ZHANG Yuanyuan and Ms. BIAN Shu are also directors of TGL. As such, pursuant to the provisions under the Articles of Association, all of the abovementioned individuals present at the relevant Board meeting have abstained from voting on the Directors' resolutions approving the entering into of the Asset Acquisition Agreement by the Company.

7.8 Listing Rules implications

Since one or more of the applicable percentage ratios in respect of the Asset Acquisition exceeds 5% but are less than 25% as determined in accordance with Rule 14.07 of the Hong Kong Listing Rules, the Asset Acquisition constitutes a discloseable transaction for the purpose of Chapter 14 of the Hong Kong Listing Rules. Further, since TGL is the controlling Shareholder and, hence, a connected person of the Company, the Asset Acquisition also constitutes a connected transaction of the Company, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

TGL as well as Mr. BIAN Yu, Mr. BIAN Jianguang, Mr. ZHANG Yuanyuan and Ms. BIAN Shu (all being directors of TGL) who shall be entitled to vote at the EGM, with a material interest in the Asset Acquisition, and the associates of each of them, will also abstain from voting at the EGM in respect of the proposed resolution relating to the Asset Acquisition Agreement and the transactions contemplated thereunder. As at the

LETTER FROM THE BOARD

Latest Practicable Date, the abovementioned Shareholders who will abstain from voting at the EGM an aggregate of 94,447,000 Shares held either directly or indirectly through TGL, representing approximately 69.96% of the issued capital of the Company.

8. THE EGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

Notices each of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting to be held on Thursday, 15 June 2017 at the Company's conference room, TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC are set out on pages 209 to 217 of this circular.

Reply slips and proxy forms to be used at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (as applicable) are also enclosed herewith and published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). Shareholders who intend to appoint a proxy to attend the EGM, the Domestic Shareholders' Class Meeting and/or the H Shareholders' Class Meeting shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

For H Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarised copy of that power of attorney or other authority, must be delivered to the H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid. For Domestic Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarised copy of that power of attorney or other authority, must be delivered to the registered office of the Company in the PRC at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

H Shareholders and Domestic Shareholders, who intend to attend the EGM, the Domestic Shareholders' Class Meeting and/or the H Shareholders' Class Meeting must complete and return the reply slips to the registered office of the Company not later than 20 days before the date of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, i.e. no later than Friday, 26 May 2017.

Pursuant to the Articles of Association, for the purpose of holding the EGM and the H Shareholders' Class Meeting, the register of members of H Shares is being closed from Tuesday, 16 May 2017 to Thursday, 22 June 2017 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders whose names appearing on the register of members of the Company on Monday, 15 May 2017 after close of business are entitled to attend and vote at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders' Class Meeting, depending on their share class.

LETTER FROM THE BOARD

In order to attend the EGM and the H Shareholders' Class Meeting, H Shareholders shall lodge all transfer documents together with the relevant share certificates to the H Share Registrar, Tricor Investor Services Limited, not later than 4:30 p.m. on Monday, 15 May 2017.

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions proposed at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting will be voted by poll.

9. RECOMMENDATIONS

The Directors consider that the aforesaid resolutions in relation to the Proposed A Share Offering and various related matters are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of resolutions no. 1 to 13 to be proposed at the EGM, as well as all resolutions to be proposed at each of the Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting.

Further, your attention is drawn to:

- (i) the letter from the Independent Board Committee (comprising Ms. TAM Hon Shan Celia, Mr. ZHANG Bing and Mr. JIANG Yan, all being independent non-executive Directors) set out on page 34 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the fairness and reasonableness of the Asset Acquisition Agreement and the transactions contemplated thereunder; and
- (ii) the letter from the Independent Financial Adviser set out on pages 35 to 44 of this circular, which contains its recommendations to the Independent Board Committee and the Independent Shareholders on whether the terms and conditions of the Asset Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations.

Based on the reasons set out hereinabove, the Board also recommends the Independent Shareholders to vote in favour of the proposed resolution no. 14 to be proposed at the EGM.

LETTER FROM THE BOARD

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
BIAN Yu
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1527)

28 April 2017

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ASSET ACQUISITION**

We refer to the circular of the Company to the Shareholders dated 28 April 2017 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider the Asset Acquisition, being a discloseable and connected transaction, pursuant to the terms and conditions of the Asset Acquisition Agreement, and to advise the Independent Shareholders as to whether, in our opinion, the Asset Acquisition is fair and reasonable so far as the Independent Shareholders are concerned.

Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Asset Acquisition.

We would like to draw your attention to the letter from the Board set out on pages 7 to 33 of the Circular which contains, among other things, information on the Asset Acquisition and the letter from the Independent Financial Adviser set out on pages 35 to 44 of the Circular which contains its advice in respect of the Asset Acquisition Agreement and the transactions contemplated thereunder.

Having taken into account the principal factors and reasons underlying the Asset Acquisition as well as the advice of the Independent Financial Adviser as set out herein, we consider the terms and conditions of the Asset Acquisition Agreement and the transactions contemplated thereunder to be fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Asset Acquisition Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

TAM Hon Shan Celia	ZHANG Bing	JIANG Yan
	<i>Independent non-executive Directors</i>	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders, in respect of the terms of the Asset Acquisition Agreement which have been prepared for the purpose of inclusion in this circular.



28 April 2017

To the Independent Board Committees and the Independent Shareholders

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION REGARDING ASSET ACQUISITION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Asset Acquisition and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 28 April 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 15 March 2017, the Company and TGL entered into the Asset Acquisition Agreement pursuant to which the Company conditionally agreed to acquire from TGL the Subject Assets, which comprise the Property, the Land-use right and the Accessory Equipments, for an aggregate Consideration of RMB79,000,000, which shall be payable by the Company to TGL in cash.

TGL is the controlling Shareholder and is therefore a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. As some of the applicable percentage ratios (as defined under Chapter 14 of the Hong Kong Listing Rules) in respect of the Asset Acquisition are more than 5% but less than 25%, the Asset Acquisition constitutes a discloseable and connected transaction of the Company under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders’ approval requirements under the Hong Kong Listing Rules. As such, the Asset Acquisition and the transactions contemplated thereunder shall be subject to the approval of the Independent Shareholders by way of poll at the EGM, in which TGL and its directors, namely Mr. Bian Yu, Mr. Bian Jianguang, Mr. Zhang Yuanyuan and Ms. Bian Shu, and their respective associates shall abstain from voting at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Tam Hon Shan Celia, Mr. Zhang Bing and Mr. Jiang Yan, has been established to advise the Independent Shareholders as to whether the Asset Acquisition is conducted in the ordinary and usual course of business, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Asset Acquisition Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. In the last two years, there was no engagement between the Group and Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the terms of the Asset Acquisition Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Asset Acquisition

1.1 Information on the Group

The Group is principally engaged in the provision of integrated atmospheric pollution control solution, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries.

The following table is a summary of the audited financial information of the Group for the years ended 31 December 2014 and 2015, as extracted from the annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”) and the audited financial information of the Group for the year ended 31 December 2016, as extracted from the annual results announcement of the Company dated 28 March 2017 for the year ended 31 December 2016 (the “**2016 Annual Results Announcement**”)

	For the year ended 31 December		
	2014	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	781,905	919,975	997,564
— Construction contracts	776,596	916,073	993,071
— Sale of goods	5,013	3,862	4,463
— Rendering of services	296	40	30
Profit for the year	74,189	96,465	112,994
	As at	As at	As at
	31 December	31 December	31 December
	2014	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Restated)		
Cash and cash equivalents	3,285	209,936	160,830
Interest-bearing bank borrowings	173,000	174,000	119,000
Net assets	240,762	611,291	724,285

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, revenue of the Group increased by approximately 17.7% from approximately RMB781.9 million for the year ended 31 December 2014 to approximately RMB920.0 million for the year ended 31 December 2015. According to the 2015 Annual Report, over 99.0% of the Group's revenue were generated from construction of projects and a majority of the Group's construction contracts are related to the manufacturing, installation and sales of electrostatic precipitators for ash removal and transfers. The increase in revenue for the year ended 31 December 2015 was mainly resulted from the increasingly stringent environmental protection regulations in the PRC that promoted the growing demand for operations and maintenance services with atmospheric pollution control equipment, such as the New Environmental Protection Law which officially implemented on 1 January 2015, and the New Law of the Prevention and Control of Atmospheric Pollution which approved by The Standing Committee of the National People's Congress in August 2015 and officially implemented from January 2016. In light of the significant increase in revenue, profit for the year ended 31 December 2015 increased by approximately 30.0% as compared to the prior year.

With reference to the 2016 Annual Results Announcement, revenue of the Group continued with the growing trend in 2015 and increased by approximately 8.4% from approximately RMB920.0 million for the year ended 31 December 2015 to approximately RMB997.6 million for the year ended 31 December 2016. Gross profit of the Group also increased from approximately RMB186.6 million for the year ended 31 December 2015 to approximately RMB229.2 million for the year ended 31 December 2016. Such increase was primarily due to (i) the increases in the bargaining power of the Group as a result of its increased market recognition following the listing of the Company in October 2015; (ii) the increase in capability to undertake projects owing to its unremitting efforts in technological research and development; and (iii) the implementation of the environmental protection regulations by the PRC government as discussed in the above paragraph. As combined with the Group's effort in enhancing its cost management on their products and solutions to be more cost competitive, profit of the Group for the year ended 31 December 2016 increased to approximately RMB113.0 million, representing an increase of approximately 17.1% as compared to the prior year.

With the Company listed on the Stock Exchange in October 2015, cash and cash equivalents of the Group significantly increased to approximately RMB209.9 million as at 31 December 2015 as a result of the net proceeds received from the global offering. With the continuing development of the Group and part of the net proceeds from the global offering utilised as detailed in Appendix IV to the Circular, the net assets position of the Group improved from approximately RMB240.8 million as at 31 December 2014 to approximately RMB611.3 million as at 31 December 2015, and further improved to approximately RMB724.3 million as at 31 December 2016. As confirmed by the Directors, the Group has been actively seeking appropriate acquisition projects to expand its capabilities of research and development, manufacturing and sales, as well as to access new markets to complement existing business of the Group since the listing of the Company on the Stock Exchange in October 2015.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Information on the Subject Assets

As extracted from the Letter from the Board, the Subject Assets comprises the Property, the Land-use right and the Accessory Equipments. The Property represents a factory erected on the land located at Xinle Village and Xinsheng Village, Paitou Town, Zhuji City, Zhejiang Province, the PRC (中國浙江省諸暨市牌頭鎮新樂村、新升村) with a total site area of approximately 59,273.50 sq. m. and factory premises of aggregate gross floor area of 46,679.54 sq. m.. As at the date of the Asset Acquisition Agreement, TGL possessed the state-owned Land-use right for the land on which the Property was erected and the aforesaid factory premises were constructed therein in accordance with the title certificate of real estate (不動產權證書) also obtained by TGL.

Pursuant to the tenancy agreement entered into by the Company and TGL on 25 April 2015 (the “**Existing Tenancy Agreement**”), the Company has leased the Property from TGL as its production facilities for the manufacturing and processing of goods, which mainly includes the outer casings of precipitators, for a term from 1 January 2015 to 31 December 2017 with an annual rental fee of RMB3,267,567.80. Upon completion of the Asset Acquisition, the Existing Tenancy Agreement shall lapse accordingly.

As at the Valuation Date, the net book value of the Land-use right and the Property were approximately RMB8.2 million and RMB30.3 million, respectively. Apart from the Land-use right and the Property, the Subject Assets also comprise the Accessory Equipments which were various models of electric single-girder (suspension) crane and bridge (gantry) crane with an aggregate net book value of approximately RMB1.1 million. For details of the Subject Assets, please refer to the paragraph headed “7.4 Information on the Subject Assets” in the Letter from the Board.

2. Reasons for and benefits of the Asset Acquisition

According to the Letter from the Board, the Board believes that the Asset Acquisition is beneficial to the Group due to (i) the Asset Acquisition is in line with the Group’s long-term corporate and business development objectives, with the focus on the continuing development of business that involves the provision of integrated atmospheric pollution control solutions; and (ii) with the optional use of financial resources, the Asset Acquisition could help the Group reduce the scope of connected transactions with, and accordingly the extent of operational reliance on, TGL in the long run, which lead to a strengthened corporate governance framework.

As disclosed in the paragraph headed “Information on the Group” above, the Group has been actively seeking appropriate acquisition projects to expand its capabilities of research and development, manufacturing and sales since the listing of the Company on the Stock Exchange in October 2015. Nonetheless, save for the Asset Acquisition, no potential investment target has been identified by the Group. On the other hand, the Company is currently leasing the Property from TGL pursuant to the Existing Tenancy Agreement and is using the Property as production facilities for the manufacturing and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

processing of goods, which includes the outer casings of precipitators, being a key component in the major stream of revenue of the Group, for a term ending on 31 December 2017. We also noted from the prospectus of the Company dated 24 September 2015 that TGL had granted the Company an option to purchase the Property subject to the terms of the Existing Tenancy Agreement and the purchase price of the Property shall be the higher of: (i) the fair market value of the relevant premises at the time of exercise of the option; and (ii) an amount calculated by reference to the net book value of the relevant premises at the time the lease commenced, the rental, the leasing period and the Group's financing costs.

As confirmed by the Directors, it has been the intention of the Company to terminate the Existing Tenancy Agreement upon its expiry and the entering into of the Asset Acquisition Agreement is merely the exercise of such purchase option under the Existing Tenancy Agreement. In this regard, we have reviewed the Existing Tenancy Agreement and noted such option under the Existing Tenancy Agreement, and that the Group will not be obligated to compensate TGL for early termination of the Existing Tenancy Agreement. Furthermore, we have also researched independently for the average market price of industrial properties in Zhejiang Province. Based on the statistics published by the National Bureau of Statistics of China, the average selling price of commercialised buildings in Zhejiang Province demonstrated an increasing trend in the past few years. In particular, the average selling price of commercialised buildings has increased from approximately RMB10,525 per sq. m. in 2015 to approximately RMB11,121 per sq. m. in 2016, representing an annual growth rate of approximately 5.7%. In this regard, should the Company exercise the purchase option at a later time, the fair market value of the Property and accordingly the purchase price of the Property may further increase. In this relation and based on our discussion with the Directors, in light of (i) the Group did not identify any other potential investment target since October 2015; (ii) the fact that the Group is currently occupying and using the Property as the production facilities of the Group's principal product; (iii) the Group expects that it will continue to occupy the Property for its manufacturing needs in the foreseeable future; (iv) the estimated cost required and the disruption to production should the Group require to relocate the production facilities and replace the relevant accessory equipment; (v) the termination of the Existing Tenancy Agreement will enable the Group to save the rental expenses for the Property; and (vi) the increasing trend noted in the average selling price of commercialised buildings in Zhejiang Province, we concur with the Directors that the Asset Acquisition is in the interests of the Company and the Shareholders as a whole.

3. Terms of the Asset Acquisition Agreement

Set out below are the principal terms of the Asset Acquisition Agreement:

Date:	15 March 2017 (after trading hours)
Purchaser:	The Company
Vendor:	TGL

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Subject matter:** Pursuant to the Asset Acquisition, the Company conditionally agreed to acquire from TGL the Subject Assets, which comprise the Property, the Land-use right and the Accessory Equipments.
- Consideration:** The Consideration for the Asset Acquisition in the aggregate amount of RMB79,000,000 (equivalent to approximately HK\$88,764,045), comprising (i) RMB50,300,000 (equivalent to approximately HK\$56,516,854) for the Property; (ii) RMB27,700,000 (equivalent to approximately HK\$35,147,078) for the Land-use right; and (iii) RMB1,000,000 (equivalent to approximately HK\$1,123,596) for the Accessory Equipments, shall be paid in full by the Company to TGL in cash on the Completion Date or an another date as further agreed upon between the parties to the Asset Acquisition Agreement.

Details with regard to the other terms of the Asset Acquisition Agreement are set out under the paragraph headed “The Asset Acquisition Agreement” in the Letter from the Board to the Circular.

The Consideration

As disclosed in the Letter from the Board, the Consideration was arrived at after arm’s length and voluntary negotiations between the Company and TGL with reference to the fair market price taking into account, among others, (i) the aggregate value of the Subject Assets as at the Valuation Date of RMB79,714,327 (equivalent to approximately HK\$89,566,660) as derived from the valuation conducted by the Valuer with reference to the assumptions, methodologies and conclusions set forth in details in the paragraph headed “7.5 Valuation assumptions and methods” in the Letter from the Board and further particularised in the Valuation Report dated 18 April 2017 compiled by Orient Appraisal, an independent professional valuer appointed by the Company, as set out in Appendix IX to the Circular; and (ii) the quality as well as the condition of the Subject Assets. The Consideration of RMB79,000,000 represents a slight discount of approximately 0.9% to the valuation of the Subject Assets (the “**Valuation**”).

Valuation

In order to assess the basis in determining the consideration for the Consideration, we have reviewed the Valuation Report prepared by the Valuer as contained in Appendix IX to the Circular and discussed with the Valuer and the Directors in respect of the Valuation. For the purpose of due diligence, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer’s qualification and experience in relation to the performance of the Valuation; and (iii) the steps taken by the Valuer when conducting the Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

From the relevant information provided by the Valuer and based on our enquiry with the Valuer, we noted that the Valuer possesses the Assets Appraisal Certificate* (資產評估機構資格證書) issued by State-owned Assets Supervision and Administration Commission of Shanghai* (上海市國有資產監督管理委員會) and the Certificate of Appraisal of Businesses in relation to Securities and Futures* (證券期貨相關業務評估資格證書) jointly issued by the Ministry of Finance of the PRC and the China Securities Regulatory Commission and hence the Valuer is a qualified asset appraisal firm in the PRC to perform valuation works for transactions of listed companies. We also noted that the Valuer possess sufficient qualifications and experience in transactions for a number of listed companies in Hong Kong and the PRC. In particular, we noted from the website of the Valuer, information provided by the Valuer and our independent searches that they had completed valuation for transactions of a number of listed companies in the PRC and a number of listed companies in Hong Kong, and they have performed valuation for assets similar to the Subject Assets. We have reviewed the terms of the engagement of the Valuer and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuer. Therefore, on such basis, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for performing the Valuation, and we are of the view that the scope of work of the Valuer is appropriate.

We have enquired with the Valuer regarding the bases and assumptions adopted and the steps and due diligence measures taken by the Valuer for conducting the Valuation. In assessing the fairness and reasonableness of the principal basis and assumptions adopted for the Valuation, we understand that the Valuer has made various general assumptions for the Valuation, including, amongst others, stable macroeconomic condition, no significant changes in laws, regulations and government policies, and no force majeure. The Valuer further added that they did not take into account the mortgage on the Property in assessing the Valuation. Based on our discussion with the Valuer, we concur with the Valuer that these assumptions are commonly adopted for valuation of properties and assets, and is consistent with normal market practice.

We have also enquired with the Valuer regarding the methodology in arriving the Valuation and were given to understand that the Valuer has adopted cost approaching method and market comparison method for the valuation of the Land-use right of the Property, and cost method for the buildings of the Property and the Accessory Equipments. As advised by the Valuer, since the Property and Accessory Equipments used in the operation of the business basically do not have separate profit ability, or that the profit ability cannot be quantified, the Valuer considers that it is not suitable to use income approach for the valuation of the Property and the Accessory Equipments. In addition, market comparison method was not adopted for the valuation of the buildings of the Property and the Accessory Equipments as there is no active local factory building or second-hand equipment market and it is impracticable to obtain comparable transactions, and hence the Valuer considers that it is not suitable to use market comparison approach. In this regard, cost method was

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

adopted for the valuation of the buildings of the Property and the Accessory Equipments. We understand from the Valuer that the Valuer has derived the value of the buildings of the Property and the Accessory Equipments by estimating the replacement cost of the building and the Accessory Equipments as if they are in new state, and adjusted for their depreciation costs based on their present conditions, such as the original quality, maintenance, utilisation rate and environmental conditions for the Accessory Equipments.

On the other hand, market comparison approach was adopted for the valuation of the Land-use right of the Property as there were comparable land transactions in the local market. In deriving the valuation of the Property, the Valuer has also adjusted for various factors, such as the condition of the real estate, market condition and transaction date. Cost approaching method was also adopted for the valuation of the Land-use right of the Property by estimating the land acquisition cost, land development fee and other relevant land value-added income. In deriving the final valuation result, since the differences between the valuation results derived from market comparison method and cost approaching method were not significant, the Valuer adopted the results from market comparison method as they consider the market comparison method can reflect the actual acceptability of the current market to the land for which the Land-use right was obtained.

Based on the above, we are of the opinion that the methodology adopted in the Valuation was fairly and reasonably determined by the Valuer.

Having considered that (i) the reasons for and benefits of the Asset Acquisition; (ii) the Valuation was fairly and reasonably determined by the Valuer; and (iii) the Consideration represents a slight discount of approximately 0.9% to the Valuation, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible financial effects of the Asset Acquisition

(a) Net assets value

Given that the Consideration of RMB79,000,000 (equivalent to approximately HK\$88,764,045) was determined with reference to, among other things, the Valuation of the Subject Assets of RMB79,714,327 (equivalent to approximately HK\$89,566,660), it is expected that the Asset Acquisition would not have material impact on the net asset value of the Group upon Completion unless the value of the Subject Assets significantly deviated from its appraised value as at 31 December 2016.

(b) Earnings

As mentioned above, given that the Group will be able to save the rental expenses for the Property upon termination of the Existing Tenancy Agreement, it is expected that the earnings of the Group will improve.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Gearing

According to the 2015 Annual Report, the gearing ratio is calculated as net debt divided by total equity, whereas net debt is calculated as the total bank loan less cash and cash equivalents. Since the Company will satisfy the Consideration in cash, the Group's cash on hand would be reduced and the gearing ratio is expected to be increased upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that although the Asset Acquisition is not conducted in the ordinary and usual course of business of the Group, the terms of the Asset Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Asset Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Asset Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Gary Mui
Chief Executive Officer

Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 18 years of experience in the finance and investment banking industry.

Based on the demand for strategic development of the Company and in order to strengthen the consciousness of rewarding Shareholders, improve the dividend policies and long-term communication mechanism. The Company has prepared this plan in accordance with the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and Guidelines No. 3 on the Supervision of Listed Companies — Distribution of Cash Dividends by Listed Companies and other relevant laws and regulations, regulatory documents, as well as the Articles of Association and other corporate governance policies of the Company.

I. CONSIDERATIONS IN FORMULATING THE DIVIDEND PLAN

With a view to maintaining the long-term and sustainable development of the Company, and based on a comprehensive analysis of the Company's business development strategies, cost of social capital, the external financing environment and other factors, the Company has formulated a sustainable, stable and scientific dividend distribution mechanism for investors, after taking into account the Company's present and estimated future profits, cash flow, stage of development, funding needs for investment projects, bank credit and the external financing environment, balancing the short-term interests with the long-term interests of the shareholders, and making institutional arrangements on profit distribution, so as to ensure the continuity and stability of the Company's profit distribution policies.

II. PRINCIPLES IN FORMULATING THE DIVIDEND PLAN

The Company will implement sustainable and stable dividend policies, giving weight to the reasonable return on investments to investors while taking into account the sustainable development, profits and future development strategies of the Company, and establish a sustainable and stable return mechanism for investors. The Company should formulate the dividend plan according to the Articles of Association, and adhere to the profit distribution principle of giving mainly cash dividends. The Board, Supervisory Committee and Shareholders at the general meeting of the Company shall take full account of the opinions of Independent Directors, supervisors and minority shareholders when making decisions and reviewing the Company's profit distribution policies.

III. THE FUTURE DIVIDEND PLAN FOR THE THREE YEARS AFTER THE PROPOSED A SHARE OFFERING

The Company may distribute its profits in the form of cash, shares, a combination of cash and shares or other forms as permitted by the laws and regulations, while giving priority to the form of cash dividends. Profit distribution shall not exceed the cumulative distributable profits of the Company, or damage the Company's sustainability in operation.

Where the conditions of giving cash dividends can be met, and the normal business development of the Company can be ensured, the Company should distribute profits in the form of cash. If the Board is of the view that the Company's share price does not match with its size of share capital, and that distributing share dividends is beneficial to the overall interests of all shareholders, the Company may formulate share dividend distribution plans as long as it does not violate the Company's cash dividend policies.

In principle, the Company distributes profits in the form of annual dividends. The Board may propose interim profit distribution plans according to the Company's profits and funding needs. The Company will, by way of the approval procedures at the board meeting and the general meeting, flexibly distribute the profits realized by the subsidiaries according to the business development and profit realization etc. of the subsidiaries so as to guarantee the Company's capability of implementing its cash dividend plan in the current year.

During the current year of the Proposed A Share Offering and the subsequent three years (the "**three years after the Listing**"), subject to the prevailing laws, regulation and regulatory requirements, and provided that the following cash dividend conditions are satisfied and the capital needs for the normal production operation and development of the Company are met, the profit to be distributed in cash shall not be less than 20% of the distributable profits of the year, and the cumulative profit for distribution in cash for any three consecutive years shall not be less than 30% of the average annual distributable profit for the recent three years:

1. The distributable profit (i.e. the Company's profit after tax net of the loss and contribution of security provident fund) realized by the Company for the year or half year is positive in value;
2. The cumulative distributable profit of the Company is positive in value (presented in the statement of the parent company);
3. The audit firm issues an unqualified audited financial report of the Company for the year;
4. The Company has no major investment plan or significant cash expenditure (fund raising projects excepted). Major investment plan or significant cash expenditure refer to: (1) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 50% of the latest audited total assets of the Company with the absolute value amounted to RMB50 million; (2) the proposed internal investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 30% of the latest audited total assets of the Company.

After a comprehensive consideration of the Company's industry feature, stage of development, mode of operation, profitability, major capital expenditure arrangements and the expected time of listing, etc., the Board believes that the Company is at its growth stage and that there will be major capital expenditure arrangements in the three years after listing. The profits distributed in the form of cash shall account for at least 20% of each instance of profit distribution.

IV. DECISION-MAKING AND SUPERVISION MECHANISM OF THE PROFIT DISTRIBUTION PLAN

The Company's profit distribution plan shall be proposed and formulated by the Board by reference to the Articles of Association, profits scale, cash flow, stage of development, funding

demand of project investment, bank credit, external financing environment and other situations and submitted to the general meeting for consideration and approval after considered and approved by the Board. The Board shall study and identify the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved for implementing the distribution of cash dividends, etc. Independent Directors shall explicitly express their independent opinions. Independent Directors can collect opinions from minority Shareholders, propose profit distribution plan and submit to the Board for consideration directly. The Company should provide online voting for Shareholders when the general meeting considering the profit distribution plan, communicate and exchange views with shareholders, especially minority shareholders through multiple channels, give due care to their views and appeal, and timely respond to their concerned queries. The Supervisory Committee should supervise the situation and decision-making process of formulating the Company's profit distribution plan by the Board, and the Independent Directors and Supervisory Committee shall expressly give their opinion in this regard.

In the event that the Board does not propose any cash dividend distribution plan according to the existing profit distribution policy to the general meeting when the Company makes profits during the current year and meet the conditions of cash dividend distribution, the reasons, and the purpose and the proposed applications for the undistributed funds retained by the Company shall be stated in its periodic reports. Independent Directors shall express their independent opinions.

V. IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN

After a resolution is adopted by the Company's general meeting in respect of the profit distribution plan, the Board must complete the dividend (or share) distribution within two months after the general meeting.

VI. DECISION-MAKING MECHANISM OF DIVIDEND PLAN

At least once every three years, the Company shall evaluate the implementation of the executed dividend plans. Subject to the relevant laws, regulations and provisions in the Articles of Association, and based on the opinions of Independent Directors and minority Shareholders, the Board shall make appropriate and necessary adjustments to the current dividend plan which is in force after taking into account the Company's profitability, cash flow, stage of development, funding needs of investment projects, bank credit and the external financing environment, etc.. The adjusted dividend plan should be implemented upon approval by the Shareholders at the general meeting. The relevant proposal in relation to the adjustments to the dividend plan can only be passed upon the approval of more than two thirds of the Shareholders present at the general meeting, and the Independent Directors and Supervisory Committee shall expressly give their opinion in this regard.

VII. SUPPLEMENTARY PROVISIONS

The plan shall be interpreted by the Board and come into force upon consideration and approval by the Shareholders' meeting and after the completion of the listing of A shares.

To stabilise the share price after the issuance of A Shares, the plan is formulated by the Company in accordance with the PRC Securities Law, the Opinions on Further Promoting the Reform of IPO issued by CSRC, as well as other relevant laws and regulations. The plan is considered and approved by the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, and is effective for three years after the completion of the issuance of A Shares, details of which are set out as follows:

I. CONDITIONS FOR TRIGGERING THE MEASURES ON STABILISATION OF SHARE PRICE (HEREINAFTER REFERRED TO AS "TRIGGERING CONDITION")

If, within three years after the official listing of A Shares, the closing prices of the A Shares for 20 consecutive trading days are lower than its latest audited net asset per share (if, after the date of the audit for the latest period, net assets or the total number of shares of the Bank has changed due to cash dividend distribution, offering of bonus shares, conversion of capital reserve into share capital, additional offering, the net asset per share shall be adjusted accordingly. (same hereinafter)), then the Company shall implement the relevant share price stabilisation plan within 30 days.

II. SPECIFIC MEASURES FOR STABILISING SHARE PRICES

The Company and the relevant responsible parties shall adopt diverse plans to stabilise the share price, including but not limited to:

(I) Company Repurchase

1. In the event that the Triggering Condition takes place, upon the review and approval at the Board meeting and shareholders' meeting, without affecting the normal operation of the Company, the Company will repurchase the A Shares for the purpose of stabilising share price. The repurchase of A Shares by the Company shall be in compliance with the provisions of relevant laws, regulations, regulatory documents and rules of the stock exchanges on which the Shares of the Company are listed, and shall not lead to any non-compliance of shareholdings distribution of the Company with listing requirements regulated by relevant laws, regulations, regulatory documents and rules of the stock exchanges on which the Shares of the Company are listed.
2. The A Shares repurchase by the Company for the purpose of share price stabilisation shall comply with the followings in addition to the requirements of relevant laws, regulations, regulatory documents and the rules of the places where the Company's shares are listed:
 - 1) The cumulative total funds used in A Share repurchase shall not exceed the net proceeds raised from the A Share offering;
 - 2) The funds to be used in a single repurchase of A Shares by the Company shall not be less than RMB5 million;

- 3) The number of A Shares acquired in a single repurchase by the Company shall not exceed 2% of the total share capital of the Company.
3. In the event that the average closing price of the Company's A Shares for five consecutive trading days is higher than the Company's most recent audited net assets per share after the announcement of the Company's A Share repurchase plan, the board of the Company shall resolve to terminate the A Share repurchase, and shall not initiate the A Share repurchase in the next three months.

(II) Increase in the holding of the Company's shares by the Controlling Shareholders

1. In the event that any of the following conditions takes place, the Controlling Shareholders of the Company shall increase their holding of the Company's A Shares in compliance with the conditions and requirements of relevant laws, regulations, regulatory documents and the rules of the places where the Company's shares are listed:
 - 1) The average closing price of the Company's A Shares for 20 consecutive trading days after the expiration of the term of the Company's A Share repurchase plan is less than the Company's most recent audited net assets per share;
 - 2) The Triggering Condition is triggered again within three months from the date of completion of the implementation of the Company's A Share repurchase plan.
2. The increase in the holding of the Company's A shares by the Controlling Shareholders shall be subject to the following conditions:
 - 1) The window period of the additional shares acquired shall be in compliance with the provisions of relevant laws, regulations, regulatory documents and regulatory requirements of the stock exchange;
 - 2) The number of additional shares acquired will not cause failure of the Company's equity distribution to meet listing conditions;
 - 3) The procedures of the increase in holding of shares shall be in compliance with the relevant provisions of relevant laws, regulations, rules and regulatory documents.
3. The Controlling Shareholders have undertaken to increase their holding of the Company's A Shares, and the funds to be used by them for the increase of holding in the Company's shares shall be no less than 30% and no more than 80% of the total cash income after tax such as cash dividends received by such

Controlling Shareholders from the Company for the previous year, and the unused funds for increase of holding in current year shall not be carried forward to the next year.

4. The total amount of increase in the holding of shares by the Controlling Shareholders, actual controllers, Directors (excluding Independent Directors) and senior management for 12 consecutive months shall not exceed 2% of the total share capital of the Company.

(III) Increase in the holding of the Company's shares by the Directors and senior management

1. In the event that any of the following conditions takes place, the Directors (excluding Independent Directors) and senior management of the Company who received remunerations from the Company shall increase their holding of the Company's A Shares in compliance with the conditions and requirements of relevant laws, regulations, regulatory documents and the rules of the places where the Company's shares are listed:
 - 1) The average closing price of the Company's A Shares for 20 consecutive trading days after the expiration of the term of the plan for the increase of holding in A Shares by the Controlling Shareholders is less than the Company's most recent audited net assets per share;
 - 2) The Triggering Condition is triggered again within three months from the date of completion of the implementation of the plan for the increase of holding in A Shares by the Controlling Shareholders.
2. The increase in the holding of the Company's A shares by the Directors (excluding Independent Directors) and senior management of the Company shall be subject to the following conditions:
 - 1) The window period of the additional shares acquired shall be in compliance with the provisions of relevant laws, regulations, regulatory documents and regulatory requirements of the stock exchange;
 - 2) The number of additional shares acquired will not cause failure of the Company's equity distribution to meet listing conditions;
 - 3) The procedures of the increase in holding of shares shall be in compliance with the relevant provisions of relevant laws, regulations, rules and regulatory documents.
3. The Company's Directors and senior management with obligation to increase their holding the Company's A Shares have undertaken that the funds to be used by them for the increase of holding in the Company's A Shares shall be no less than 30% and no more than 80% of the total cash income after tax such as

salaries, allowances and cash dividends received by such Directors and senior management from the Company for the previous year, and the unused funds for increase of holding in current year shall not be carried forward to the next year. All Directors (excluding Independent Directors) and senior management of the Company are jointly and severally liable for such obligation to increase the holding of the Company's A Shares.

4. Upon the completion of the increase in holding of A shares by the Directors (excluding Independent Directors) and senior management of the Company, if the closing price of the Company's A Shares is again below the latest audited net asset per share for 20 consecutive trading days, the Company shall initiate the measures in the order of shares repurchase by the Company, increase in the holding of A Shares by the Controlling Shareholders and increase in the holding of A Shares by the Directors (excluding Independent Directors) and senior management in accordance with the requirement of this plan.
5. The Company shall require the newly appointed Directors (excluding Independent Directors) and senior management (if any) to abide by the share price stabilisation plan and related measures.

III. INITIATION PROCEDURES OF THE MEASURES FOR STABILISING SHARE PRICE

(I) Shares repurchase by the Company

1. The Board of the Company shall resolve on A Share repurchase within 15 trading days from the date on which the above triggering condition for repurchase is triggered;
2. The Board of the Company shall announce its resolution relating to A Share repurchase and the A Share repurchase plan and publish the notice for convening a Shareholders' meeting within 2 working days after passing the resolution;
3. The Company shall commence the A Share repurchase on the day following the date of passing the resolution at the Shareholders' meeting, and complete the repurchase within 30 trading days after relevant statutory procedures have been performed;
4. After completion of the implementation of the repurchase plan, the Company shall announce the report of changes in the Company's A Shares within 2 working days, and cancel the repurchased A Shares according to laws and handle the procedures for the related change of business registration within 10 days.

(II) Increase in the holding of the Company's shares by the Controlling Shareholders, Directors and senior management

1. The Board shall announce the increase of holding in A Shares within 2 trading days from the day on which the triggering condition for the increase of holding in A Shares by the Controlling Shareholders, Directors and senior management above is triggered.
2. The Controlling Shareholders, Directors and senior management shall commence the increase of holding in A Shares on the day following the announcement of the increase of holding in A Shares and complete the acquisition within 30 trading days after relevant statutory procedures have been performed.
3. After the fulfillment of obligation to increase the holding of Shares as required under this plan, the Controlling Shareholders, actual controllers, Directors (excluding Independent Directors) and senior management may increase their holding in the Company's shares at their discretion in accordance with relevant rules.
4. During the implementation of measures on stabilisation of share price, if the closing price of the Company's shares for ten consecutive trading days is higher than the audited net asset per share for the last year, the Controlling Shareholders, actual controllers, Directors (excluding Independent Directors) and senior management may terminate the implementation of measures on stabilisation of share price. In the event that the closing prices for 20 consecutive trading days are lower than the net asset per Share after the termination, the measures of increase of holding of shares will be triggered again.
5. In the event that the abovementioned funds used for increase of holding of shares out of the income after tax for the previous year are fully utilised, the Controlling Shareholders, actual controllers and/or Directors (excluding Independent Directors) and/or senior management will be no longer required to implement the plan of increase of holding of shares even if the measures on stabilisation of share price are triggered again; or, in the event that the abovementioned funds used for increase of holding of shares out of the income after tax for the previous year are not fully utilised, but the total amount of increase in the holding of shares by the Controlling Shareholders, actual controllers, Directors (excluding Independent Directors) and senior management for 12 consecutive months has reached 2% of the total share capital of the Company, the Controlling Shareholders, actual controllers and/or Directors (excluding Independent Directors) and/or senior management will be no longer required to implement the plan of increase of holding of shares even if the measures on stabilisation of share price are triggered again.

IV. RESTRAINING MEASURES

In the event that the Controlling Shareholders fail to perform the obligation of increase of holding in A Shares, the Company shall be entitled to order the Controlling Shareholders to perform such obligation within a prescribed time limit, and if the non-performance continues, the Company shall be entitled to withhold and recognise the amount equal to 1% of the total number of shares of the Company multiplied by the issue price (such issue price shall be adjusted to the ex-rights and ex-dividend price for any ex-rights or ex-dividend activities of the Company such as profit distribution, bonus shares or placement after listing, and the calculation for the adjusted issue price shall refer to the calculation for ex-rights (dividend) reference price under the Trading Rules of the Shanghai Stock Exchange, same hereinafter) from the cash dividends payable to such Controlling Shareholders for the current year and subsequently year.

In the event that the Directors and senior management of the Company fail to perform the obligation of increase of holding in A Shares, the Company shall be entitled to order the Directors and senior management to perform such obligation within a prescribed time limit, and if the non-performance continues, the Company shall be entitled to deduct from the remuneration (excluding the local minimum wages) for the year payable to such Directors and senior management. In serious cases that the Directors and senior management of the Company refuse to perform the obligation of increase of holding in A Shares as required by this plan, the Controlling Shareholders, the Board, the Supervisory Committee or over half of the Independent Directors shall be entitled to propose on the general meetings for approval of change of relevant Directors, and the Board shall be entitled to dismiss the relevant senior management.

V. FURTHER UNDERTAKINGS RELATING TO SHARE PRICE STABILISATION

- (I) Upon the Triggering Condition being triggered for the first time, the lock-up period of shares of the Company's Controlling Shareholders and Directors and senior management who hold A Shares of the Company will be extended for another six months automatically. For the avoidance of ambiguity, the lock-up period of A Shares owned by the Directors and senior management who hold the Company's A Shares herein shall be referred to the lock-up period stated in the undertakings made by such persons according to the requirement of Section (III), Article 4 of the Rules Governing Shareholdings and Changes in Shareholdings in a Listed Company by its Directors, Supervisors and Senior Management (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》).
- (II) The Controlling Shareholders, actual controllers, Directors (excluding Independent Directors) and senior management of the Company at the time of triggering the abovementioned measures on stabilisation of share price shall not refuse to implement the aforesaid measures by reason of cessation to be a Controlling Shareholder/actual controller and/or changes of positions or resignation in the course of review of the price stabilisation plan at the general meeting and the implementation of the plan.

(III) During the review of share repurchase plan for stabilisation of share price of the Company at the Board meeting and shareholders' general meeting of the Company, the Controlling Shareholders/actual controllers, Directors (excluding Independent Directors) and senior management holding the Company's shares have undertaken to vote in favor of the resolution on the price stabilisation plan at the Board meeting and the general meeting.

VI. OTHERS

This plan shall be explained by the Board and will, after being approved by the general meeting, be effective from the date of completion of A Share offering with a term of three years.

During the effective period of this plan, when this plan is required to be amended in accordance with the relevant new rules issued by regulatory authorities such as the CSRC and the stock exchanges, the Board shall be authorised by a general meeting of the Company to amend this plan.

The Company has conducted an analysis on the effect of the A Share Offering on the dilution of immediate return and proposed remedial measures, in accordance with the requirements of certain documents, including the Opinion from State Council General Office about Further Strengthening the Work of Protecting the Legal Interests of Minority Investors in the Capital Market (Guobanfa [2013] No. 110) and the Guiding Opinions on Matters Relating to the Dilution of Current Returns as a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement [2015] No. 31) published by the CSRC. The relevant parties have also undertaken to facilitate the implementation of the remedial measures. The details are as follows:

I. THE EFFECT ON THE DILUTION OF IMMEDIATE RETURN FROM THE A SHARE OFFERING

The number of shares to be issued under the A Share Offering shall not exceed 15,000,000 A Shares. After the completion of the A Share Offering, the share capital and the net asset value of the Company will increase, and the gearing ratio will decline, which will help strengthen the stability of the Company's capital structure and its ability to counter risks.

After the proceeds from the A Share Offering become available, the Company will effectively allocate the capital and apply the proceeds in a timely and efficient manner in order to generate reasonable return on capital. Despite the fact that the investment projects will generate satisfactory revenue in the future, it may take a longer time for the proceeds to realize the economic benefits. If the Company cannot maintain its existing production efficiency after the application of the proceeds of the A Share Offering, there will be a risk of dilution in the short term in relation to the financial indicators of current returns such as the basic EPS and weighted average return on net assets given the increase in the share capital and net assets of the Company.

II. REMEDIAL MEASURES ON THE DILUTION OF IMMEDIATE RETURN AS A RESULT OF THE A SHARE OFFERING

In order to ensure that the proceeds will be used efficiently, avoid the risk of dilution of immediate return for shareholders and improve the ability to yield consistent returns, the Company will maximize efficiency through safeguarding the progress of the investment projects after the completion of the A Share Offering, lower the financial expenses and improve profitability, strengthen the management of proceeds, strictly enforce the profit distribution policy and improve the investor reward system, in order to reduce the impact of the dilution of immediate return of the shareholders as a result of the A Share Offering.

In light of the possible dilution of immediate return of the shareholders upon the A Share Offering, the Company will take specific measures as follows:

1. Safeguarding the investment progress and maximizing efficiency

The proceeds raised from the A Share Offering will mainly be used to strengthen the core business of the Company. It will be in line with the relevant national industry policy and the direction of the Company's development strategy on the whole, and have bright prospects and economic benefits. After the proceeds of the A Share Offering become available, the Company will strive to safeguard the progress of the implementation of the

investment projects. The successful implementation of the investment projects and the realization of efficiency will help remedy the dilution of immediate return as a result of the A Share Offering, which is in line with the shareholders' long-term interests.

2. Reducing financial expenses and increasing profitability

The Company proposes to use part of the proceeds on replenishing working capital relating to flue gas treatment project. Through the implementation of such project, the capital strength of the Company will increase significantly, thus, the Company will be able to undertake more environmental protection projects with larger scale. In addition to maintaining and reinforcing the existing market, the Company will actively expand the market and tap into new industries such as cement and steel. The Company will continue to improve the procurement, subcontracting and sales management system, enhance the operation capability, enhance the efficiency of the use of capital and reduce the utilization of working capital by implementing various measures such as reasonable control of procurement prices, improvement of trade receivables collection system and establishment of early warning mechanism in relation to fund management. The Company will formulate budget plan in advance and impose strict control on relevant capital to ensure specific funds for specific purposes. The project fund will be utilized based on the Company's business in the next three years.

3. Strengthening the management of fund raising

In order to standardize the use and management of the proceeds raised by the A Share Offering, and ensure the compliance, safety and efficiency of the use of proceeds, the Company has formulated the Rules for the Management of Proceeds of Fund Raising by the Company according to the laws, including Company Law of the PRC, Securities Law of the PRC, Regulatory Guidelines for Listed Companies No. 2 — Regulatory Requirements for the Management and Use of Proceeds Raised by Listed Companies, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and the Administrative Measures for Raising Proceeds by Companies Listed on the Shanghai Stock Exchange, administrative regulations, departmental rules and regulatory documents. Upon receipt of the proceeds of A Share Offering, the Company will comply with the requirements of the Rules for the Management of Proceeds of Fund Raising by the Company by entering into a three-party supervision agreement with the sponsor and the commercial bank in which the proceeds are deposited, and deposit the proceeds in the special account approved by the Board in a timely manner. While using the proceeds, the Company will strictly implement the application and approval procedures and establish accounts to record the outgoing of proceeds and the input into investment projects, in order that the proceeds is used for the specific purposes.

4. Strictly enforcing the profit distribution policy and improving the investor reward system

For the purpose of the A Share Offering, the Company has made amendments to the Articles of Association regarding (among others) the provisions on profit distribution in accordance with the requirements of the relevant regulations such as the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and Regulatory Guidelines for Listed Companies No. 3 — Distribution of Cash Dividends

by Listed Companies, in order to further determine the form of profit distribution, decision-making process, conditions for cash dividends and stock dividends and the minimum dividend rate.

In order to determine the returns to new and existing shareholders after the A Share Offering, refine the provision in the Articles of Association regarding profit distribution and enhance the visibility and practicality of the profit distribution decision, the Company has formulated the Future Dividend Plan of Zhejiang Tengy Environmental Technology Co., Ltd for the Three Years after the A Share Offering. The Company will strictly implement the profit distribution policy in accordance with the Articles of Association, and insist on creating long-term value for the Shareholders through formulating rational dividend distribution and protecting the legal interests of the shareholders of the Company.

III. THE UNDERTAKING MADE BY RELEVANT PARTIES TO ENSURE STRICT IMPLEMENTATION OF THE REMEDIAL MEASURES

The Directors and the senior management of the Company will carry out their responsibility faithfully and diligently, and uphold the legal interests of the Company and the Shareholders. In order to ensure strict implementation of the remedial measures on the diluted immediate return, the Directors and the senior management of the Company have made the following undertakings:

- (1) not to transfer benefits to other units or individuals of a gratuitous nature or under unfair conditions, nor will I adopt other means to prejudice the Company's interests.
- (2) to restrain the job-related consumption of directors and senior management.
- (3) not to use the Company's assets to make any investment or participate in any consumption activities that are not related to the duty.
- (4) to link the remuneration system formulated by the Board or the remuneration and appraisal committee of the Board to the implementation of the remedial measures.
- (5) if the Company adopts stock incentive scheme, to link the exercising conditions of stock incentive to the implementation of the remedial measures.

Meanwhile, in accordance with the relevant regulations of CSRC, the controlling shareholders and actual controllers of the Company make undertake to ensure strict implementation of the remedial measures that they will neither interfere with the operating and managing activities of the Company nor misappropriate the benefit of the Company.

According to the Approval of Zheng Jian Xu Ke [2015] 527 issued by the China Securities Regulatory Commission, the Company completed overseas initial public offering of H shares and was listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) upon completion of the Offering. The Company has prepared the Report on Use of the Previously Raised Fund for the period ended 31 December 2016 in accordance with the Rules on the Report on the Use of Previously Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) as follows:

I. THE PROCEEDS RAISED FROM THE PREVIOUS ISSUANCES

According to the Approval of the Issuance of Overseas Listed Foreign Securities of Zhejiang Tengy Environmental Technology Co., Ltd (Zheng Jian Xu Ke [2015] 527) issued by the China Securities Regulatory Commission, on 1 April 2015, the Company completed overseas initial public offering of H shares in PRC and applied for listing on the Hong Kong Stock Exchange upon completion of the Offering. The Company issued 35,000,000 H shares through the Stock Exchange of Hong Kong Ltd with par value of RMB1.00 each at the issue price per share of HK\$10.90 on 12 October 2015. The proceeds amounted to HK\$381,500,000.00 (RMB311,337,382.17); Interest income from freezing of funds amounted to HK\$163.07 (RMB133.41). After deducting the underwriting fees and other issuance cost incurred, the total fund raised was HK\$364,769,335.97 (RMB297,684,324.69). The said amount was made in place on 13 October 2015. The fund was verified by Ernst & Young Hua Ming LLP by issuing the Capital Verification Report (Y.Z. No. 61048157_K01). The net proceeds actually raised amounted to RMB274,513,698.58 after deducting other related offering expenses.

As at 31 December 2016, there is an account balance of the raised funds of HK\$57,706,166.42 and RMB89,441,220.26, that is RMB141,059,963.18 in total.

II. ACTUAL USE OF THE PREVIOUSLY RAISED FUNDS

Pursuant to the plan for use of proceeds of the Company as disclosed in the prospectus in relation to the overseas offering of foreign shares (H shares) in 2015, After deducting the offering expenses, the funds raised from the share offering will be applied in the acquisition of companies and businesses, construction of new production facilities at Turpan Environmental Technology Co., Ltd.# (吐魯番天潔環境科技有限公司), acquisition of relevant machineries and recruitment of employees, R&D investment, marketing campaigns, acquisition of companies and businesses, procurement of raw materials for new projects, repayment of bank borrowings, replenishment of working capital and other aspects.

Please see “Comparison table for the use of the previously raised funds” and “Comparison table for the benefits realized by the investment projects of previously raised funds” below for the actual use of the previously raised fund as at 31 December 2016.

Comparison table for the use of the previously raised funds

Unit: RMB

Investment project		Total amount of proceeds for investment			Aggregate amount of proceeds for investment at the cut-off date				Completion progress of the project at the cut-off date
No.	Committed investment project	Actual investment project	Committed amount of investment before raising funds(Note 1)	Committed amount of investment after raising funds (Note 1)	Actual investment amount	Committed amount of investment after raising funds (Note 1)	Actual investment amount	Discrepancy between actual investment amount and committed amount of investment after raising funds	
Total amount of proceeds: 274,513,698.58									
Total amount of proceeds with change in use: 0.00									
Proportion of total amount of proceeds with change in use: 0.00%									
Total amount of proceeds utilized accumulatively: 133,453,735.40									
Total amount of proceeds utilized for each year:									
2015: 79,033,735.40									
2016: 54,420,000.00									
1	Acquisition of companies and businesses	Acquisition of potential companies and businesses	71,648,075.33	71,648,075.33	—	71,648,075.33	—	(71,648,075.33)	0.00%
2	Construction of new production facilities at Turpan Environmental Technology Co., Ltd.# 吐鲁番天源环境科技有限公司, acquisition of relevant machineries and recruitment of employees	Construction of new production facilities at Turpan city of Xijiang, acquisition of relevant machineries and recruitment of employees	24,706,232.87	24,706,232.87	—	24,706,232.87	—	(24,706,232.87)	0.00%
3	R&D investment	R&D investment	21,961,095.89	21,961,095.89	800,000.00	21,961,095.89	800,000.00	(21,161,095.89)	3.64%
4	Marketing campaigns	Marketing campaigns	4,117,705.48	4,117,705.48	2,920,000.00	4,117,705.48	2,920,000.00	(1,197,705.48)	70.91%
5	Procurement of raw materials for new projects	Procurement of raw materials for new projects	53,804,684.92	53,804,684.92	53,521,236.79	53,804,684.92	53,521,236.79	(283,448.13)	99.47%
6	Repayment of bank borrowings	Repayment of bank borrowings	71,648,075.33	71,648,075.33	50,000,000.00	71,648,075.33	50,000,000.00	(21,648,075.33)	69.79%
7	Replenishment of working capital	Working capital	26,627,828.76	26,627,828.76	26,212,498.61	26,627,828.76	26,212,498.61	(415,330.15)	98.44%
	Total		274,513,698.58	274,513,698.58	133,453,735.40	274,513,698.58	133,453,735.40	(141,059,963.18)	48.61%

Note 1: In accordance with the plan on the use of Proceeds committed in the prospectus, 26.10% of the net proceeds shall be used in the acquisition of companies and businesses, 9.00% of the net proceeds shall be used in the construction of new production facilities at Turpan Environmental Technology Co., Ltd.# (吐魯番天潔環境科技有限公司), acquisition of relevant machineries and recruitment of employees, 8% of the net proceeds shall be used in R&D investment, 1.50% of the net proceeds shall be used in marketing campaigns, 19.60% of the net proceeds shall be used in the procurement of raw materials for new projects, 26.10% of the net proceeds shall be used in the repayment of bank borrowings and 9.70% of the net proceeds shall be used as working capital. The above amounts are calculated in proportion to the net proceeds raised which amounted to RMB 274,513,698.58.

**Comparison table for the benefits realized by the investment
projects of previously raised funds**

Unit: RMB

Actual investment project		Accumulated capacity utilization rate of the investment project at the cut-off date	Committed benefits	Aggregate benefits realized at the cut-off date	Whether or not the expected benefits have been achieved
No.	Project name				
1	Acquisition of companies and businesses	N/A	N/A	N/A	N/A
2	Construction of new production facilities at Turpan Environmental Technology Co., Ltd.# (吐魯番天潔環境科技有限公司), acquisition of relevant machineries and recruitment of employees	N/A	N/A	N/A	N/A
3	R&D investment	N/A	N/A	N/A	N/A
4	Marketing campaigns	N/A	N/A	N/A	N/A
5	Procurement of raw materials for new projects	N/A	N/A	N/A	N/A
6	Repayment of bank borrowings	N/A	N/A	N/A	N/A
7	Replenishment of working capital	N/A	N/A	N/A	N/A

III. COMPARISON BETWEEN THE ACTUAL USE OF THE PREVIOUSLY RAISED FUNDS AND THE PERIODIC DISCLOSURES OF THE COMPANY

The comparison between the actual use of the previously raised funds above and the actual use of the previously raised fund disclosed in the Directors Report section of the 2016 Annual Report of the Company is as follows:

Comparison table for the actual use of the previously raised funds and the disclosures

Unit: RMB

No	Project in progress	Aggregate amount at the end of 2016		
		Actual use	Disclosure in the annual report	Discrepancies
1	Acquisition of companies and businesses	—	—	—
2	Construction of new production facilities at Turpan Environmental Technology Co., Ltd.# (吐魯番天潔環境科技有限公司), acquisition of relevant machineries and recruitment of employees	—	—	—
3	R&D investment	800,000.00	800,000.00	—
4	Marketing campaigns	2,920,000.00	2,920,000.00	—
5	Procurement of raw materials for new projects	53,801,236.79	53,801,236.79	—
6	Repayment of bank borrowings	50,000,000.00	50,000,000.00	—
7	Working capital	26,212,498.61	26,212,498.61	—

IV. CONCLUSION

The Board of Directors considered that the Company utilized the previously raised funds according to the plan for use of proceeds as disclosed in the prospectus in relation to the previous offering. The Company faithfully fulfilled its disclosure obligation with respect to the utilization and progress of the previously raised proceeds in accordance with the Rules on the Report on the Use of Previously Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) issued by the China Securities Regulatory Commission.

The directors of the Company guaranteed that the report does not contain any false representation, misleading statement or material omission, and shall severally and jointly accept legal responsibility for its truthfulness, accuracy and completeness.

The Board of Directors for
Zhejiang Tengy Environmental Technology Co., Ltd

2 March 2017

THREE-YEAR DETAILS OF RELATED PARTY TRANSACTIONS BETWEEN 2014 AND 2016 ZHEJIANG TENGY ENVIRONMENTAL TECHNOLOGY CO., LTD

The following report set out the related party transactions of the Company during the period from 1 January 2014 to 31 December 2016 for the Shareholders' approval.

I. STATUS OF RELATED PARTY TRANSACTIONS

1. Major transactions between the Group and related parties

(1) Transactions concerning goods and services with related parties

- *Provision of construction contract services to related parties*

	2016	2015	2014
TGL	—	1,561,955.12	2,699,302.93

During the reporting period, TGL transferred the construction contracts to Tengy Environmental at agreed prices.

- *Sales of goods to related parties*

	2016	2015	2014
TGL	—	—	1,040,709.94
Tianjie New Materials	—	—	573,502.05
Tianjie General Machinery	—	—	104,446.41
Zhejiang Qينو	—	—	10,709.40
Tianjie Special Steel	575,083.42	1,210,285.80	2,609,271.87
Tianjie Zhiye	—	—	254.78
Tianjie Cixingcailiao	—	—	959.98
Tianyu Industry	—	—	941,826.77
	<u>575,083.42</u>	<u>1,210,285.80</u>	<u>5,281,681.20</u>

During the reporting period, the Group sold the materials to related parties at agreed prices.

- *Render of services to related parties*

	2016	2015	2014
Tianjie General Machinery	—	—	59,829.06
Tianjie New Materials	—	—	21,367.52
Tianjie Cixingcailiao	22,287.18	39,955.82	117,228.21
Tianjie Zhiye	—	—	30,933.33
	<u>22,287.18</u>	<u>39,955.82</u>	<u>229,358.12</u>

During the reporting period, the Group provided services to related parties at agreed prices.

- *Purchase of goods from related parties*

	2016	2015	2014
Tianjie New Material	—	—	5,745,354.56
TGL	—	—	2,515,126.80
Chenyu Lvye	—	—	239,660.66
Tianjie General Machinery	878,321.81	1,309,626.39	724,554.22
Tianjie Cixingcailiao	—	25,627.56	32,698.12
Yuanteng Shiye	—	317,039.23	—
	<u>878,321.81</u>	<u>1,652,293.18</u>	<u>9,257,394.36</u>

During the reporting period, the Group purchased materials from related parties at agreed prices.

- *Receiving services from related parties*

	2016	2015	2014
Tianjie General Machinery (<i>Note 1</i>)	14,888,685.71	12,412,174.28	14,475,639.82
Tianjie Logistics (<i>Note 2</i>)	—	74,331.06	660,459.18
	<u>14,888,685.71</u>	<u>12,486,505.34</u>	<u>15,136,099.00</u>

Note 1: During the reporting period, Tianjie General Machinery provided processing services to the Group and charged the Company service fees at agreed prices.

Note 2: During the reporting period, Tianjie Logistics provided transportation services to Tengy Environmental and charged the Company service fees at agreed prices.

(2) *Leases with related parties*• *As lessor*

	2016	2015	2014
Tianjie New Material	<u>430,416.67</u>	<u>1,084,650.00</u>	<u>1,084,650.00</u>

Tengy Environmental leased the buildings located at Tianjie Industrial Zone in Paitou Town, Zhuji City to Tianjie New Material, and charged rentals at agreed prices. Pursuant to the tenancy agreement, Rental income of RMB430,416.67 was recognized for the year 2016 (2015: RMB1,084,650.00, 2014: RMB1,084,650.00).

• *As lessee*

	2016	2015	2014
TGL (<i>Note 1</i>)	3,350,064.57	3,517,567.80	3,522,567.82
Zhejiang Qينو (<i>Note 2</i>)	<u>166,666.68</u>	<u>500,000.00</u>	<u>500,000.00</u>
	<u>3,516,731.25</u>	<u>4,017,567.80</u>	<u>4,022,567.82</u>

Note 1: Tengy Environmental leased the factories and offices located at Tianjie Industrial Zone in Paitou Town, Zhuji City from TGL and paid the rentals at agreed prices. Pursuant to the tenancy agreement, rental expense of RMB3,350,064.57 was recognized for the year 2016 (2015: RMB3,517,567.80, 2014: RMB3,522,567.82). Tianjie Electronic leased a building located at Tianjie Industrial Zone in Paitou Town, Zhuji City from TGL. Pursuant to the terms of the contract, the lease was terminated in June 2014, therefore there was no rental expense in 2016 (2015: nil, 2014: RMB5,000.02).

Note 2: Tengy Environmental leased the building located at Dushangang Town, Pinghu City from Zhejiang Qينو, and paid the rentals at agreed prices. In July 2016, the parties agreed to terminate the lease agreement early on 1 July 2016.

(3) *Guarantees of related parties*• *Guarantees received from related parties*

2016

	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
TGL	66,000,000.00	2015.9.28	2017.9.28	No
TGL	44,000,000.00	2015.4.13	2017.4.13	No
Bian Jianguang	66,000,000.00	2014.7.31	2016.7.30	Yes
Zhuji Runtian	150,000,000.00	2014.5.21	2016.5.21	Yes

2015

	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
TGL	66,000,000.00	2015.9.28	2017.9.28	No
TGL	44,000,000.00	2015.4.13	2017.4.13	No
TGL	140,000,000.00	2013.5.2	2015.5.2	Yes
Bian Jianguang	66,000,000.00	2014.7.31	2016.7.30	No
Bian Jianguang	50,000,000.00	2014.6.25	2015.6.25	Yes
Zhuji Runtian	150,000,000.00	2014.5.21	2016.5.21	No
Zhuji Runtian	120,000,000.00	2013.6.21	2015.6.21	Yes
Hubei Zhiye	120,000,000.00	2013.1.15	2015.1.15	Yes

2014

	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
TGL	140,000,000.00	2013.5.2	2015.5.2	No
Bian Jianguang	66,000,000.00	2014.7.31	2016.7.30	No
Bian Jianguang	50,000,000.00	2014.6.25	2015.6.25	No
Bian Jianguang	50,000,000.00	2013.4.16	2014.4.16	Yes
Zhuji Runtian	120,000,000.00	2013.6.21	2015.6.21	No
Hubei Zhiye	120,000,000.00	2013.1.15	2015.1.15	No
Bian Yu	35,000,000.00	2013.5.23	2014.5.22	Yes

(4) Lending to/borrowing from related parties● *Borrowing*

	2016	2015	2014
Borrowing from TGL	—	—	83,554,409.00
Receipt in advance from TGL	—	—	16,194,089.09
Interest expense of TGL	—	—	80,970.45
	<u>—</u>	<u>—</u>	<u>80,970.45</u>

Pursuant to the borrowing agreement entered into between Tengy Environmental and TGL, the parties borrowing from each other based on the needs of business, borrowings due within 30 days shall be non-interest bearing, and borrowings due after 30 days shall bear interest at the benchmark rate of the bank.

(5) Other related party transactions

	2016	2015	2014
Advance payment of service fees for the Group (Note 1)			
— Wang Xiaoxia	—	—	8,144,200.15
Electric charges (Note 2)			
— TGL	3,082,996.36	3,743,246.61	3,353,120.34
— Zhejiang Qinuo	205,598.04	735,532.62	288,234.43
Remuneration for key management personnel	<u>3,693,122.35</u>	<u>2,457,210.19</u>	<u>1,246,531.22</u>

Note 1: Wang Xiaoxia paid part of the service fees on behalf of the Group.

Note 2: TGL and Zhejiang Qinuo paid the electric charges on behalf of the Group.

2. Balances of receivables from related parties

	2016		2015		2014	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables						
TGL (Note 1)	439,927.37	219,963.69	3,944,927.37	123,035.47	352,365.37	17,618.27
Zhejiang Qinuo	<u>166,666.64</u>	<u>1,666.67</u>	<u>—</u>	<u>—</u>	<u>203,714.56</u>	<u>2,037.15</u>
	<u>606,594.01</u>	<u>221,630.36</u>	<u>3,944,927.37</u>	<u>123,035.47</u>	<u>556,079.93</u>	<u>19,655.42</u>

Other receivables from related parties other than lending to/borrowing from related parties set out in Note 1 are interest-free, unsecured and have no fixed terms of repayment.

	2016	2015	2014
Accounts Prepayment			
Zhejiang Qinuo	<u>—</u>	<u>333,333.33</u>	<u>333,333.33</u>
	<u>—</u>	<u>333,333.33</u>	<u>333,333.33</u>
	2016	2015	2014
Trade payables			
Tianjie General Machinery	13,539,872.20	1,287,640.57	5,801,584.72
Zhejiang Qinuo	280,531.48	—	55,980.00
TGL	—	—	500,000.00
Chenyu Lvye	228,416.00	228,416.00	228,416.00
Yuanteng Shiye	370,935.90	370,935.90	—
Wang Xiaoxia	<u>—</u>	<u>—</u>	<u>538,298.10</u>
	<u>14,419,755.58</u>	<u>1,886,992.47</u>	<u>7,124,278.82</u>

	2016	2015	2014
Other payables			
TGL	3,973,757.54	4,937,442.04	983,934.95
Tianjie Special Steel	365,390.51	—	—
Yuanteng Logistics	<u>—</u>	<u>—</u>	<u>347,966.73</u>
	<u>4,339,148.05</u>	<u>4,937,442.04</u>	<u>1,331,901.68</u>

Other payables to related parties are interest-free, unsecured and have no fixed terms of repayment.

II. THE PRICING PRINCIPLES AND BASIS FOR RELATED PARTY TRANSACTIONS

The pricing principles of related party transactions are arms-length, bona-fide, fair, impartial and open, which are in line with the market. The terms of the transactions are fair, the prices are reasonable, and in the interest of the Company and the Shareholders as a whole and does not involve with situations which damage the interest of the Company and all the Shareholders.

The aforesaid related party transactions are submitted to the Company's general meeting for ratification.

2 March 2017

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Resolution on the Amendments to the Articles of Association of Zhejiang Tengy Environmental Technology Co. (Draft) to be Applicable and Effective after the Listing of A Shares;

Explanatory Statement Relating to the Amendments to the Articles of Association of Zhejiang Tengy Environmental Technology Co.

The table below sets out the proposed amendments to the existing Articles of Association for the draft of Articles of Association for A share offering and the proposed listing of A shares of the Company. Such amendments will become effective upon completion of the A Share Offering and the listing of the A Shares of the Company on the Shanghai Stock Exchange.

Existing articles	Proposed amendments
Note: In the margin notes to the provisions of the Articles of Association, the “Mandatory Provisions” refers to the “Mandatory Provisions for Companies Listing Overseas” jointly issued by the former State Council Securities Policy Committee and the former State Commission for Restructuring the Economic System (Zhen Wei Fa [1994] No. 21); “Letter of Opinions on Supplementary Amendment” refers to the “Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by the Overseas-Listing Department of the CSRC and the Production System Department of the former State Commission for Restructuring the Economic System; “Guidelines on Articles of Association” refers to Guidelines on Articles of Association of Listed Companies (2006 Amendment) (Zheng Jian Gong Si Zi [2006] No. 38) promulgated by China Securities Regulatory Commission; “Listing Rules” refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. “Appendix 3 to the Main Board Listing Rules” refers to the Appendix 3 to the “Rules Governing the Listing of Securities” issued by The Stock Exchange of Hong Kong Limited and “Appendix 13D to the Main Board Listing Rules” refers to Section D of Appendix 13 to the “Rules Governing the Listing of Securities” issued by the Stock Exchange of Hong Kong Limited.	Note: In the margin notes to the provisions of the Articles of Association, the “Mandatory Provisions” refers to the “Mandatory Provisions for Companies Listing Overseas” jointly issued by the former State Council Securities Policy Committee and the former State Commission for Restructuring the Economic System (Zhen Wei Fa [1994] No. 21); “Letter of Opinions on Supplementary Amendment” refers to the “Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by the Overseas-Listing Department of the CSRC and the Production System Department of the former State Commission for Restructuring the Economic System; “Guidelines on Articles of Association” refers to Guidelines on Articles of Association of Listed Companies (2016 Amendment) (CSRC Announcement [2016] No. 23) promulgated by China Securities Regulatory Commission; “Listing Rules” refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. “Appendix 3 to the Main Board Listing Rules” refers to the Appendix 3 to the “Rules Governing the Listing of Securities” issued by The Stock Exchange of Hong Kong Limited and “Appendix 13D to the Main Board Listing Rules” refers to Section D of Appendix 13 to the “Rules Governing the Listing of Securities” issued by the Stock Exchange of Hong Kong Limited.

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 7 The Articles of Association are approved by a special resolution of the shareholders' meeting of the Company and shall become effective on the date when the overseas listed shares(hereinafter the "H Shares"), permitted by relevant departments of the PRC, are listed on The Stock Exchange of Hong Kong Limited (hereinafter the "Stock Exchange"). The original Articles of Association of the Company shall automatically expire upon the effective date of the Articles of Association.</p> <p>From the date on which the Articles of Association come into effect, the Articles of Association shall become a legally binding document which regulates the Company's organization and behavior, the rights and obligations between the Company and the shareholders, and among the shareholders.</p>	<p>Article 7 The Articles of Association are approved by a special resolution of the shareholders' meeting of the Company and shall become effective on the date when the <u>A Shares of the Company, permitted by relevant departments of the PRC, are listed.</u> The original Articles of Association of the Company shall automatically expire upon the effective date of the Articles of Association.</p> <p>From the date on which the Articles of Association come into effect, the Articles of Association shall become a legally binding document which regulates the Company's organization and behavior, the rights and obligations between the Company and the shareholders, and among the shareholders.</p>
<p>Article 14 The equities of the Company shall be represented by shares. The shares issued by the Company shall each have a par value of Renminbi one yuan.</p> <p>Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.</p>	<p>Article 14 The equities of the Company shall be represented by shares, <u>the nominal value of which are denominated in Renminbi.</u> The shares issued by the Company shall each have a par value of Renminbi one yuan.</p> <p>Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.</p>
<p>Article 17 Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as the H Shares.</p> <p>Domestic shareholders and H shareholders are both ordinary shareholders, and have the same rights and obligations.</p> <p>.....</p>	<p>Article 17 Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. <u>Domestic shares once listed onshore shall be referred to as the A Shares.</u> Foreign shares which are listed overseas shall be referred to as the H Shares.</p> <p><u>A</u> shareholders and H shareholders are both ordinary shareholders, and have the same rights and obligations.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 19 The Company may publicly offer up to no more than 40.25 million H Shares, subject to the approval of CSRC Document No [2015] 527 of the China Securities Regulatory Commission on 1 April 2015.</p> <p>The global offering of the H Shares and the exercise of over-allotment option were approved by the Stock Exchange on 18 September 2015. After the completion of the aforesaid issue of the H Shares, the structure of the share capital of the Company was as follows: the total number of shares was 135 million shares, of which, 100 million shares were held by domestic shareholders and 35 million Shares were held by H shareholders.</p>	<p>Article 19 The Company may publicly offer up to no more than 40.25 million H Shares, subject to the approval of CSRC Document No [2015] 527 of the China Securities Regulatory Commission on 1 April 2015.</p> <p>The global offering of the H Shares and the exercise of over-allotment option were approved by the Stock Exchange on 18 September 2015. After the completion of the aforesaid issue of the H Shares, the structure of the share capital of the Company was as follows: the total number of shares was 135 million shares, of which, 100 million shares were held by domestic shareholders and 35 million Shares were held by H shareholders.</p> <p><u>The Company has obtained approval from the CSRC for the initial public offering of [●] A shares to domestic public on [●] and was listed on Shanghai Stock Exchange on [●]. After the completion of the issue of A shares, the equity structure of the Company is as follows: ordinary shares, including [●] A shares , representing [●]% of the total shares of the Company; [●] H shares, representing [●]% of the total shares of the Company.</u></p>
	<p><u>Article 20 A shares issued by the Company are retained under centralized depository of the relevant securities depository institutions for safe custody. H shares issued by the Company are mainly retained under the safe custody of entrusted Hong Kong securities clearing companies and such shares may also be held under the personal names of shareholders.</u></p>
<p>Article 20 The Company’s board of directors may implement, through separate offerings, the proposal for the issuance of the H Shares and domestic shares upon approval by the competent securities authorities of the State Council.</p> <p>The Company may implement its proposal to issue the H Shares and domestic shares pursuant to the preceding paragraph within fifteen months from the date of approval by the competent securities authorities of the State Council.</p>	<p><u>Article 21</u> The Company’s board of directors may implement, through separate offerings, the proposal for the issuance of the H Shares and <u>A Shares</u> upon approval by the competent securities authorities of the State Council.</p> <p>The Company may implement its proposal to issue the H Shares and <u>A Shares</u> pursuant to the preceding paragraph within fifteen months from the date of approval by the competent securities authorities of the State Council.</p>
<p>Article 21 Where the total number of shares stated in the proposal for the issuance of shares includes the H Shares and domestic shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for at their respective offerings due to special circumstances, the shares may, subject to the approval of the competent securities authorities of the State Council, be issued in separate tranches.</p>	<p><u>Article 22</u> Where the total number of shares stated in the proposal for the issuance of shares includes the H Shares and <u>A Shares</u>, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for at their respective offerings due to special circumstances, the shares may, subject to the approval of the competent securities authorities of the State Council, be issued in separate tranches.</p>
<p>Article 22 The Company has registered capital of RMB135 million.</p>	<p><u>Article 23</u> The Company has registered capital of RMB[●].</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 23 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.</p> <p>The Company may increase its capital through the following means:</p> <ol style="list-style-type: none"> (1) offering new shares to non-specially-designated investors for subscription; (2) issuing new shares to its existing shareholders; (3) allotting bonus shares to its existing shareholders; (4) converting capital reserve into share capital; or (5) any other means permitted by laws and administrative regulations and any other means approved by the competent securities authorities of the State Council. <p>After the Company’s increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof shall be carried out in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC.</p>	<p><u>Article 24</u> The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the <u>laws, administrative regulations, department rules or listing rules of the place(s) in which the shares of the Company are listed and the relevant provisions of these</u> Articles of Association.</p> <p>The Company may increase its capital through the following means:</p> <ol style="list-style-type: none"> (1) offering new shares to non-specially-designated investors for subscription; (2) issuing new shares to its existing shareholders; (3) allotting bonus shares to its existing shareholders; (4) converting capital reserve into share capital; or (5) any other means permitted by laws and administrative regulations and any other means approved by the competent securities authorities of the State Council. <p>After the Company’s increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof shall be carried out in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC.</p> <p><u>The Company shall registered with companies registration authorities under the law as a result of the increase or reduction registered capital</u></p>
<p>Article 24 Unless otherwise stipulated in the relevant laws or administrative regulations or by the Stock Exchange, shares of the Company may be freely transferred and shall be free from all liens.</p>	<p><u>Article 25</u> Unless otherwise stipulated in the relevant laws or administrative regulations or by the Stock Exchange, shares of the Company may be freely transferred and shall be free from all liens. <u>Transfer of shares must be registered by the share registrar entrusted by the Company.</u></p>
<p>Article 25 The Company does not accept its own shares as the subject matter of a pledge.</p>	<p><u>Article 26</u> The Company does not accept its own shares as the subject matter of a pledge.</p> <p><u>A shareholder shall report to the Company in written form with regard to its pledge of shares it holds representing more than 5% of shares entitled to vote on the date when such pledge happens.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 40 The share certificates shall be signed by the chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after affixing, or affixing by way of printing, of the seal of the Company. The share certificates shall only be affixed with the Company’s seal under the authorization of the Board of directors. The signatures of the chairman or other relevant senior management officers of the Company on the share certificates may also be in printed form.</p>	<p>Article 41 The share certificates shall be signed by the chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after affixing, or affixing by way of printing, of the seal of the Company. The share certificates shall only be affixed with the Company’s seal under the authorization of the Board of directors. The signatures of the chairman or other relevant senior management officers of the Company on the share certificates may also be in printed form.</p> <p><u>Where the share certificates of the Company are issued and traded in a paperless form, it shall comply with regulations otherwise stipulated by the securities regulatory authority of the place where the Company’s shares are listed.</u></p>
<p>Article 41 The Company shall maintain a register of shareholders for registering the following particulars:</p>	<p>Article 42 The Company shall maintain a register of shareholders <u>according to the certificate provided by the securities registration authority. The register of shareholders shall register</u> the following particulars:</p>
<p>Article 54 The ordinary shareholders of the Company shall enjoy the following rights:</p> <p>(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:</p> <p>(e) special resolutions at the general meeting and/or the Board meeting of the Company;</p> <p>(f) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;</p> <p>(g) minutes of shareholders’ general meetings;</p> <p>(h) a copy of the latest annual inspection report filed with the State Administration for Industry and Commerce of the PRC or other competent authorities for inspection.</p> <p>.....</p>	<p>Article 55</p> <p>The ordinary shareholders of the Company shall enjoy the following rights:</p> <p>(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:</p> <p><u>(e) resolutions at the general meeting, the Board meeting and the meeting of supervisory committee of the Company;</u></p> <p>(f) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;</p> <p>(g) minutes of shareholders’ general meetings;</p> <p>(h) a copy of the latest annual inspection report filed with the State Administration for Industry and Commerce of the PRC or other competent authorities for inspection.</p> <p><u>(i) stubs of corporate bonds.</u></p> <p>.....</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 55 If the content of a resolution of a shareholders' general meeting or the board of directors violates any laws or administrative regulations, a shareholder has the right to file a petition with the court to invalidate the resolution (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).</p> <p>If the procedure for convening or the method of voting at a shareholders' general meeting or a Board meeting violates any laws, regulations or the Articles of Association, or if the contents of a resolution breaches the Company's Articles of Association, a shareholder may file a petition with the court to revoke the resolution within sixty (60) days from the date on which the resolution was passed (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).</p>	<p>Article 56 If the content of a resolution of a shareholders' general meeting or the board of directors violates any laws or administrative regulations, a shareholder has the right to file a petition with the court to invalidate the resolution (the principles for dispute resolution of the Articles of Association shall apply to H shareholders).</p> <p>If the procedure for convening or the method of voting at a shareholders' general meeting or a Board meeting violates any laws, regulations or the Articles of Association, or if the contents of a resolution breaches the Company's Articles of Association, a shareholder may file a petition with the court to revoke the resolution within sixty (60) days from the date on which the resolution was passed (the principles for dispute resolution of the Articles of Association shall apply to H shareholders).</p>
<p>Article 56 If a director or any senior officer has violated any laws, regulations or the Articles of Association in the course of performing his or her duties to the Company, and thereby caused the Company to incur a loss, a shareholder or shareholders who individually or jointly hold more than one per cent of the Company's shares for more than one hundred and eighty (180) consecutive days may request in writing the Supervisory Committee to initiate proceedings in the court. If the Supervisory Committee has violated the laws, regulations or the Articles of Association in the course of performing its duties to the Company, and thereby caused the Company to incur a loss, shareholder(s) may request in writing the board of directors to initiate proceedings in the court in respect thereof (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).</p> <p>If the Supervisory Committee or the board of directors refuse to initiate proceedings after receipt of a written request from the shareholder(s) as mentioned in the preceding paragraph, or fails to initiate proceedings within thirty (30) days of the date of receipt of the request, or under urgent circumstances where failure to initiate the proceedings immediately would cause irreparable damage to the Company's interests, the shareholders mentioned in the preceding paragraph are entitled to directly initiate proceedings in the court in their own names in the interests of the Company (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).</p> <p>If any third party infringes the lawful interests of the Company and has caused a loss to the Company, the shareholders mentioned in the first paragraph of this Article may initiate proceedings in the court according to the provisions of the two preceding paragraphs.</p>	<p>Article 57 If a director or any senior officer has violated any laws, regulations or the Articles of Association in the course of performing his or her duties to the Company, and thereby caused the Company to incur a loss, a shareholder or shareholders who individually or jointly hold more than one per cent of the Company's shares for more than one hundred and eighty (180) consecutive days may request in writing the Supervisory Committee to initiate proceedings in the court. If the Supervisory Committee has violated the laws, regulations or the Articles of Association in the course of performing its duties to the Company, and thereby caused the Company to incur a loss, shareholder(s) may request in writing the board of directors to initiate proceedings in the court in respect thereof (the principles for dispute resolution of the Articles of Association shall apply to H shareholders).</p> <p>If the Supervisory Committee or the board of directors refuse to initiate proceedings after receipt of a written request from the shareholder(s) as mentioned in the preceding paragraph, or fails to initiate proceedings within thirty (30) days of the date of receipt of the request, or under urgent circumstances where failure to initiate the proceedings immediately would cause irreparable damage to the Company's interests, the shareholders mentioned in the preceding paragraph are entitled to directly initiate proceedings in the court in their own names in the interests of the Company (the principles for dispute resolution of the Articles of Association shall apply to H shareholders).</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 57 If a director or any senior officer violate laws, regulations or the Articles of Association and prejudices the interests of the shareholders of the Company, the shareholders may initiate proceedings in the court in respect thereof (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).</p>	<p>Article 57 If a director or any senior officer violate laws, regulations or the Articles of Association and prejudices the interests of the shareholders of the Company, the shareholders may initiate proceedings in the court in respect thereof (the principles for dispute resolution of the Articles of Association shall apply to H shareholders).</p>
<p>Article 60 For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:</p> <p>.....</p> <p>(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.</p> <p>The “acting in concert with others” in this Article means that two or more persons reach an agreement (whether in oral or writing) to obtain voting rights of the Company to obtain or strengthen the control of the Company.</p>	<p>Article 61 For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:</p> <p>.....</p> <p>(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.</p> <p><u>(5) any other controlling shareholders as defined under the Listing Rules.</u></p> <p>The “acting in concert with others” in this Article means that two or more persons reach an agreement (whether in oral or writing) to obtain voting rights of the Company to obtain or strengthen the control of the Company.</p>
<p>Article 62 The shareholders’ general meeting shall have the following functions and powers:</p> <p>.....</p> <p>(13) to examine and approve the external security-related matters according to laws, regulations or the Articles of Association;.....</p> <p>(17) to decide on other matters which, according to laws, administrative regulations or the Articles of Association, need to be approved by shareholders in general meetings.</p> <p>.....</p>	<p>Article 63 The shareholders’ general meeting shall have the following functions and powers:</p> <p>.....</p> <p>(13) to examine and approve the external security-related matters according to <u>Article 64 of the Articles of Association</u>;.....</p> <p><u>(17) to consider and approve matters relating to change of the use of proceeds;</u></p> <p><u>(18) to decide on other matters which, according to laws, administrative regulations, the Articles of Association or listing rules of the place(s) where the shares of the Company are listed, need to be approved by shareholders in general meetings.</u></p> <p>.....</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 64</u> The following external guarantees of the Company must be reviewed and approved at the general meeting:</p> <p><u>(I) Any guarantee to be provided after the total external guarantee provided by the Company or its subsidiary has exceeded 50% or more of the Company’s latest audited net assets;</u></p> <p><u>(II) Any guarantee to be provided after the total external guarantee provided by the Company has exceeded 30% or more of the Company’s latest audited total assets;</u></p> <p><u>(III) Any guarantee to be provided to an entity whose debt equity ratio exceeds 70%;</u></p> <p><u>(IV) Any single guarantee the amount of which exceeds 10% of the latest audited net assets;</u></p> <p><u>(V) Any guarantee to be provided to the shareholders, actual controller and their related parties; and</u></p> <p><u>(VI) Other guarantees which are required to be approved by the Company’s general meetings under the laws, regulations, rules of the stock exchanges where the Company’s shares are listed or the Articles of Association.</u></p>
<p>Article 64 Shareholders’ general meetings are divided into annual general meetings (“AGM”) and extraordinary general meetings. Shareholders’ general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within six (6) months from the end of the preceding financial year.</p> <p>The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:</p>	<p><u>Article 66</u> Shareholders’ general meetings are divided into annual general meetings (“AGM”) and extraordinary general meetings. Shareholders’ general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within six (6) months from the end of the preceding financial year.</p> <p>The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:</p> <p><u>In case that the Company is unable to hold a general meeting within the aforesaid time frame, it shall be reported and explained to the local office of the CSRC in the region where the Company operates and the stock exchange where its stock is traded, and make an announcement.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 89 The board of supervisor shall be entitled to propose to the board of directors the convening of an extraordinary general meeting or a class meeting, provided that such proposal shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting or a class meeting within ten (10) days upon receipt of such proposal. If the board of directors agrees to convene an extraordinary general meeting or a class meeting, a notice of meeting shall be issued within five (5) days after the passing of the relevant resolution by the board of directors. Any change to the original proposal made in the notice shall obtain the approval of the board of supervisor. If the board of directors does not agree to convene an extraordinary general meeting or a class meeting or does not furnish any reply within ten (10) days after receiving such proposal, the board of directors shall be deemed as incapable of performing or failing to perform the duty of convening a general meeting or a class meeting, in which case the board of supervisor may convene and preside over such meeting on an unilateral basis.</p> <p>The general meeting or class meeting convened by the board of supervisor shall be chaired by the chairman of the board of supervisor. When the chairman of board of supervisor is unable or fails to perform his duties, one (1) supervisor shall be elected by half or more of the supervisors to convene and preside over meetings of the board of supervisor.</p>	<p><u>Article 67 One half or more of independent non-executive directors are entitled to propose the Board of Directors that an interim shareholders general meeting be convened. The Board of Directors shall within 10 days of receiving the proposal provide written feedback stating whether they agree to, or object to the proposal in accordance with laws, administrative regulations and rules, and these Articles of Association.</u></p> <p><u>The Board shall give the notice convening an extraordinary general meeting within five days after it has passed the relevant resolution. The Board shall give reasons for its objection to convene such a general and publish an announcement in this regard.</u></p> <p><u>Article 68 The Supervisory Committee is entitled to propose, in writing, to the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such proposal in accordance with the provisions of the laws, administrative regulations and the Articles of Association.</u></p> <p><u>The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original proposal is subject to the consent of the Supervisory Committee.</u></p> <p><u>If the Board rejects to convene such a general meeting or fails to reply within ten (10) day of receiving such proposal, it shall be deemed as being unable or having failed to fulfil its duties to convene general meetings, in which circumstances, the Supervisory Committee may convene and chair the general meeting.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 90 Where any shareholders request for the convention of an extraordinary general meeting or a class meeting, the following procedures shall be followed:</p> <p>(1) Two or more shareholders who individually or in aggregate hold more than ten per cent (10%, included) of the Company's shares with voting right shall have the right to request in writing, a copy or more in the same form and content with the proposals to be discussed, the board of directors to convene an extraordinary general meeting or a class meeting. The board of directors shall convene the extraordinary general meeting or class meeting as soon as possible after it has received the request. The numbers of shares held by the shareholder(s) shall be counted on the date of the request in writing.</p> <p>(2) If the board of directors fails to give the notice to convene the meeting within thirty (30) days after it received the aforesaid written request, the shareholders who propose the requirement shall have the right to request in writing the board of supervisor to convene the extraordinary shareholders' general meeting or class meeting. If the board of supervisor agrees to convene an extraordinary general meeting or a class meeting, a notice of meeting shall be issued within five (5) days after the passing of the relevant resolution by the board of supervisor. Any change to the original proposal made in the notice shall obtain the approval of the relevant shareholders. If the board of supervisor does not issue a notice of the meeting within the time limits, the board of supervisor shall be deemed as incapable of performing or failing to convene and chair a general meeting, in which case the shareholders who individually or in aggregate hold more than ten per cent of the Company's shares within more than ninety (90) consecutive days may convene and preside over such meeting on an unilateral basis.</p> <p>Any reasonable expenses incurred by the shareholders or the board of supervisor concerned by reason of failure by the board of directors to duly convene a meeting shall be repaid by the Company and any sum so repaid shall be set-off against sums owed by the Company to the defaulting directors.</p> <p>In the shareholders general meeting, the board of directors and the Supervisory Committee shall answer or give explanation to the inquiries and proposals raised by shareholder(s), unless otherwise related to confidential business information which is not allowed to disclose.</p>	<p>Article 69 Where any shareholders request for the convention of an extraordinary general meeting or a class meeting, the following procedures shall be followed:</p> <p><u>(1) Any shareholders individually or aggregately holding more than 10% of the shares of the Company are entitled to request, in writing, to the Board to convene an extraordinary general meeting or class meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such request in accordance with the provisions of the laws, administrative regulations and the Articles of Association.</u></p> <p><u>(2) If the Board agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained.</u></p> <p><u>(3) If the Board does not agree to hold the extraordinary general meeting or class meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding no less than 10.0% shares of the Company shall be entitled to propose in writing to the supervisory committee to convene an extraordinary general meeting or class meeting.</u></p> <p><u>(4) If the supervisory committee agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained.</u></p> <p><u>(5) If the supervisory committee fails to issue the notice for the extraordinary general meeting or class meeting within the specified time, the supervisory committee shall be deemed as failing to convene the extraordinary general meeting or class meeting. The shareholder(s) severally or jointly holding no less than 10% shares of the Company for no less than 90 consecutive days may convene and preside over such meeting. The procedures according to which they convene such meeting shall, to the extent possible, be identical to the procedures according to which general meetings are to be convened by the Board.</u></p> <p><u>(6) All reasonable expenses incurred in convening and holding the meeting by shareholders due to the failure of the board of directors and the Supervisory Committee to hold such meeting in response to the aforesaid request shall be borne by the Company and shall be deducted from the amounts due by the Company to the defaulting director(s) and supervisor(s).</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 70 If the Supervisory Committee or the shareholders decide to convene and chair a general meeting of the shareholders, the Supervisory Committee or the shareholders shall notify the Board in writing and make filings with the local branch of the CSRC in the place in which the Company is located and the stock exchange(s).</u></p> <p><u>Before issuing a notice of resolutions of shareholders' general meeting, the convening shareholders shall have a shareholding of no less than 10%.</u></p> <p><u>Upon issuance of the notice of shareholders' general meeting and notice of resolutions of shareholders' general meeting, the Supervisory Committee and convening shareholders shall submit relevant proof to the local branch of the CSRC in the place in which the Company is located and the stock exchange(s).</u></p> <p><u>When a shareholders' general meeting is convened by the Supervisory Committee or by the shareholders, the Board and the Secretary to the Board shall act in concert therewith. The Board shall provide the register of shareholders as on the record date. In case the Board fails to provide the register of members, the convener may, with the announcement of convening such a general meeting, apply for obtaining the register of members from the securities registration and clearing authorities. The register of members so obtained by the convener shall not be used for any purposes other than convening the general meeting.</u></p> <p><u>When a shareholders' general meeting is convened by the Supervisory Committee or by the shareholders, the Company shall bear all the necessary expenses thereof.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 72</u> When holding the general meeting, the Company shall engage a lawyer as witness and advise on the following issues. An announcement shall also be made according to listing rules of the place where the Company's shares are listed:</p> <p>(I) whether the procedures relating to the convening and the holding of such meeting comply with the laws, administrative regulations and the Articles of Association;</p> <p>(II) the legality and validity of the qualifications of the attendees and convener of the meeting;</p> <p>(III) the legality and validity of the voting procedures and voting results;</p> <p>(IV) legal opinions on other related matters as requested by the Company.</p>
<p>Article 67 When the Company convenes a shareholders' general meeting, shareholder(s) holding 3% or more of the total shares of the Company are entitled to propose to the Company.</p> <p>.....</p>	<p><u>Article 74</u> When the Company convenes a shareholders' general meeting, shareholder(s) holding 3% or more of the total shares of the Company are entitled to propose to the Company. <u>The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations, relevant requirements of securities supervision authority of the place(s) where the shares of the Company are listed and the Articles of Association.</u></p>
<p>Article 69 A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:</p> <p>.....</p> <p>(10) specify the name and telephone number of the standing contact person of the meeting.</p>	<p><u>Article 76</u> A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:</p> <p>.....</p> <p>(10) specify the name and telephone number of the standing contact person of the meeting;</p> <p><u>(11) If the general meeting is to be held through internet or other means, the notice of the general meeting is to clearly include time and procedure for online voting or voting in other means.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 77 If the election of directors or supervisors are proposed to be discussed at a general meeting, the notice of the general meeting must contain the details of the candidates for the directors and the supervisors. It must at least include the following information:</u></p> <p><u>(I) biographies such as educational background, work experiences and other simultaneous appointments;</u></p> <p><u>(II) whether he/she has any relationship with the Company, the controlling shareholder or the actual controller of the Company;</u></p> <p><u>(III) the number of shares he/she holds in the Company;</u></p> <p><u>(IV) whether he/she is subject to any punishment by the CSRC or any other relevant government department or sanctioned by any securities exchange.</u></p> <p><u>The list of candidates for directors or supervisors shall be proposed to the shareholders' general meeting for voting, the term of office of new director or supervisor shall commence on the date when the resolution is approved at the shareholders general meeting.</u></p> <p><u>When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted in accordance with the provisions of this Articles of Association or the resolutions of the shareholders' general meeting.</u></p> <p><u>The "cumulative voting system" as mentioned in the preceding paragraph means that each share shall have the same voting right as the number of directors or supervisors to be elected, and the voting right held by the shareholders may be used collectively when the directors or supervisors are elected at the shareholders' general meeting. The Board shall simultaneously provide shareholders with the biographical details and basic information about the candidates for directors and supervisors.</u></p> <p><u>Save the elections of directors and supervisors by cumulative voting system, each candidate for a director or supervisor shall be proposed by way of single proposal.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 70 Unless otherwise provided by laws, administrative regulations, the regulatory rules of the places where the Company's shares are listed and the Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For holders of domestic shares, a notice of general meeting may also be made by way of announcement.</p> <p>The announcement referred in the preceding paragraph shall be published within a period of forty-five to fifty days prior to the date of the general meeting in one or more newspapers and journals designated by the national securities regulatory authorities. Once an announcement is made, all holders of the domestic shares are deemed to have received the relevant notice of the general meeting.</p>	<p><u>Article 78</u> Unless otherwise provided by laws, administrative regulations, the regulatory rules of the places where the Company's shares are listed and the Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For A shareholders, a notice of general meeting may also be made by way of announcement.</p> <p>The announcement referred in the preceding paragraph shall be published within a period of forty-five to fifty days prior to the date of the general meeting in one or more newspapers and journals designated by the national securities regulatory authorities. Once an announcement is made, all A shareholders are deemed to have received the relevant notice of the general meeting.</p>
	<p><u>Article 79</u> <u>Once the notice is issued, the general meeting shall not be postponed or cancelled without valid reasons. Resolutions listed in the notice shall not be cancelled. For any postponement or cancellation, the convener should make an announcement and provide explanation at least 2 business days before the original date of the meeting.</u></p>
<p>Article 72 Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:</p> <p>.....</p>	<p><u>Article 81</u> <u>All shareholders recorded in the share register on the relevant share registration date shall have the right to attend the general meeting and exercise the voting rights in accordance with the relevant laws, regulations, the rules of the stock exchanges on which the shares are listed and the Articles of Association.</u></p> <p>Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 82 If individual shareholders attend the meeting in person, he/she must present his/her ID card or other valid documents or proof to identify him/herself and stock account card; if an agent is appointed to attend the meeting, he/she must present valid identity documents and power of attorney of the relevant shareholder.</u></p> <p><u>As for a corporate shareholder, its legal representative or an agent appointed by such legal representative shall attend the meeting. The legal representative who attends the meeting must show his/her ID card, and valid certificates which can prove his/her qualification as a legal representative; if the authorised agent attends the meeting, he/she must present his/her ID card, the written power of attorney legally issued by the legal representative of the corporate shareholder in accordance with the relevant laws.</u></p>
<p>Article 73 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. The letter of authorization shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorneys of the shareholder, the letter of authorization shall specify the number of the shares to be represented by each attorney.</p>	<p><u>Article 83</u> The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or a duly authorized attorney.</p> <p><u>The power of attorney issued by the shareholder to appoint an agent to attend the general meeting must include the following contents:</u></p> <p><u>(I) Name of the agent;</u></p> <p><u>(II) Whether he/she has the right to vote;</u></p> <p><u>(III) Instructions on voting for or against or abstaining from voting in respect to each matter set out in the agenda of the general meeting;</u></p> <p><u>(IV) Issuing date and validity period of the power of attorney;</u></p> <p><u>(V) Signature (or stamp) of the appointor. If the appointor is a corporate shareholder, the power of attorney must be stamped with the corporate seal of the corporate shareholder;</u></p> <p><u>(VI) The number of shares held by the shareholder who is represented by the agent;</u></p> <p><u>(VII) If there is more than one agent authorised by the shareholder, the power of attorney must set out the number of shares each agent represents.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 74 The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice for convening the meeting.</p> <p>Where the appointer is a legal person, its legal representative or other persons authorized by resolution of the board of directors or other decision-making organs may attend the shareholders' meeting of the Company as a representative of the appointer.</p> <p>Where such shareholder is a Recognized Clearing House (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if one or more persons are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized may be entitled to exercise the rights on behalf of the Recognized Clearing House (or its nominees) as if he/they were the individual natural shareholder(s) of the Company.</p> <p>The Company shall be entitled to require the proxy attending the shareholders' general meeting on behalf of a shareholder to present his identification document and the proxy forms.</p> <p>If a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to require the representative to present his identification document or a notarially certified copy of the resolution or power of attorney authorized by the board of directors or other organs of authority of such legal person shareholder or other certified copies permitted by the Company (except for the Recognized Clearing House or its proxies).</p>	<p><u>Article 84 The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice for convening the meeting.</u></p> <p><u>Where the appointer is a legal person, its legal representative or other persons authorized by resolution of the board of directors or other decision-making organs may attend the shareholders' meeting of the Company as a representative of the appointer.</u></p> <p><u>Where such shareholder is a Recognized Clearing House (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if one or more persons are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized may be entitled to exercise the rights on behalf of the Recognized Clearing House (or its nominees) as if he/they were the individual natural shareholder(s) of the Company.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 75 Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.</p>	<p><u>Article 85</u> Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. <u>This will not include the situation where the securities registration and clearing institution is the nominal shareholder of the shares under the mechanism of mutual stock market access between the PRC and Hong Kong and declares in accordance to the instructions of the actual shareholders.</u> Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.</p>
	<p><u>Article 87</u> <u>The meeting register for participants must be made by the Company. The meeting register shall set out various matters, such as the names of the individual participants (or names of the corporate participants), ID card numbers, residential addresses, the number of shares with voting rights owned or held as a proxy and the names of the individual proxy appointors (or names of the corporate proxy appointors).</u></p>
	<p><u>Article 88</u> <u>The meeting convener and the lawyer employed by the Company must examine the legitimacy of the shareholders' qualification in accordance with the shareholders' register provided by the securities registration and clearing institution, and register the names of the shareholders and the number of voting shares that they hold. The registration shall be terminated before the chairman announces the number of shareholders and agents present at the meeting as well as the number of voting shares they hold.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 80 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote at a shareholders' general meeting.</p> <p>The shares held by the Company shall carry no voting rights and this portion shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.</p> <p>When a connected transaction is considered at a shareholders' general meeting, if required by the listing rules of the stock exchange at the place where the shares are listed, connected shareholders shall abstain from voting on such connected transaction, and the number of shares with voting rights they represent shall not be counted towards the total number of shares with voting rights.</p> <p>Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only in favour of (or only against) any particular resolution, any votes cast by such shareholder (or his proxies) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.</p>	<p><u>Article 92</u> Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote at a shareholders' general meeting. <u>The same voting rights can only be exercised either through on-the-spot voting, online voting or other means of voting. Should there be repeated voting by the same voting right, the first vote cast shall be taken.</u></p> <p><u>When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.</u></p> <p>The shares held by the Company shall carry no voting rights and this portion shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.</p> <p><u>The Board, independent non-executive directors and shareholders who satisfy the relevant regulations and conditions may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, information such as specific voting intentions should be fully disclosed to the shareholders being solicited. Soliciting shareholder voting rights with compensation or disguised compensation is prohibited. The Company must not set a lowest shareholding percentage when soliciting the shareholder voting rights.</u></p> <p><u>Article 93</u> When a connected transaction is considered at a shareholders' general meeting, if required by the listing rules of the stock exchange at the place where the shares are listed, connected shareholders shall abstain from voting on such connected transaction, and the number of shares with voting rights they represent shall not be counted towards the total number of shares with voting rights. <u>The announcement on the resolutions shall fully disclose the voting of the non-related shareholders.</u></p> <p>Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only in favour of (or only against) any particular resolution, any votes cast by such shareholder (or his proxies) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 87 The following matters shall be resolved by special resolution at a shareholders' general meeting:</p> <p>(1) increase or reduction of the Company's share capital, repurchase of the Company's shares and issue of shares of any class, warrants and other similar securities;</p> <p>(2) issue of debentures of the Company;</p> <p>(3) demerger, merger, dissolution, liquidation and change of corporate form of the Company;</p> <p>(4) purchases or sales of material assets or guarantees made by the Company in excess of 30% of the total assets of the Company within a year;</p> <p>(5) amendment to the Articles of Association; and</p> <p>(6) any other matters stipulated by the laws, administrative regulations or the Articles of Association or determined by an ordinary resolution at a shareholders' general meeting as having a material impact on the Company and requiring to be resolved by special resolution.</p>	<p>Article 100 The following matters shall be resolved by special resolution at a shareholders' general meeting:</p> <p>(1) increase or reduction of the Company's share capital, repurchase of the Company's shares and issue of shares of any class, warrants and other similar securities;</p> <p>(2) issue of debentures of the Company;</p> <p>(3) demerger, merger, dissolution, liquidation and change of corporate form of the Company;</p> <p>(4) purchases or sales of material assets or guarantees made by the Company in excess of 30% of the total assets of the Company within a year;</p> <p><u>(5) share incentive scheme;</u></p> <p>(6) amendment to the Articles of Association; and</p> <p>(7) any other matters stipulated by the laws, administrative regulations or the Articles of Association or determined by an ordinary resolution at a shareholders' general meeting as having a material impact on the Company and requiring to be resolved by special resolution.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 88 The shareholders' general meeting shall be convened by the board of directors and chaired by the chairman; if the chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by deputy chairman; if the deputy chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by a director co-elected by more than half of the directors. If no chairman of the meeting has been so designated, shareholders present thereat may elect one of them to be the chairman of the meeting. If for any reason the shareholders are unable to elect a Chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.</p> <p>If the board of directors cannot or fails to perform its duty to convene the shareholders' general meeting, the board of supervisor shall convene and chair the meeting promptly; if the board of supervisor cannot or fails to perform its duty to convene the shareholders' general meeting for more than 90 consecutive days, the shareholders who separately or jointly hold more than 10% of the Company's voting shares may convene and chair the meeting by themselves.</p>	<p>Article 101 The shareholders' general meeting shall be convened by the board of directors and chaired by the chairman; if the chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by deputy chairman; if the deputy chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by a director co-elected by more than half of the directors. If no chairman of the meeting has been so designated, shareholders present thereat may elect one of them to be the chairman of the meeting. If for any reason the shareholders are unable to elect a Chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.</p> <p>If the board of directors cannot or fails to perform its duty to convene the shareholders' general meeting, the board of supervisor shall convene and chair the meeting promptly; if the board of supervisor cannot or fails to perform its duty to convene the shareholders' general meeting for more than 90 consecutive days, the shareholders who separately or jointly hold more than 10% of the Company's voting shares may convene and chair the meeting by themselves.</p> <p><u>The general meetings convened by the Supervisory Committee should be chaired by the chairman of the Supervisory Committee. If the chairman cannot or fails to fulfill its duty, the vice-chairman should chair the meetings; if the vice-chairman cannot or fails to fulfill its duty, the supervisor who is elected by more than half of the Supervisory Committee should chair the meetings.</u></p> <p><u>The general meetings convened by the shareholders should be chaired by the representative recommended by the convener.</u></p> <p><u>During the meeting, if the chairman breaches the rules herein leading to the suspension of the meeting, the meeting could elect another person to act as the chairman to restart the meeting upon obtaining consents from more than half of the shareholders who are present in the meeting and have the voting right.</u></p>
	<p><u>Article 102</u> The Company shall establish procedure rules of the general meeting and stipulate in detail the procedures for convening and voting at the meeting, including issuing notices, registration, review of resolutions, voting, counting of votes, announcement of poll results, reaching meeting decisions, meeting minutes, signing meeting minutes and issuing announcement, as well as the principles for giving authorisation to the Board. The procedure rules of the general meeting shall be appended to the Articles of Association, and shall be prepared by the Board and approved by general meeting.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 103 At the annual general meeting, the Board and the Supervisory Committee shall report the work of the past year. Each independent non-executive director shall also prepare a work report on the exercise of his/her duties.</u></p>
	<p><u>Article 104 The directors, supervisors and senior executives shall answer and provide explanations in response to the shareholders' inquiries and proposals at the general meeting.</u></p>
	<p><u>Article 105 Before voting, the chairman of the meeting shall announce the number of shareholders and shareholder agents present at the meeting, as well as the total number of shares with voting rights. The exact number of shareholders and shareholder agents attending the general meeting and the total number of shares with voting rights shall be based on the meeting registration record.</u></p> <p><u>Two shareholders shall be elected to participate in the vote counting and scrutinizing before the poll is carried out on site at the meeting. Shareholders related to the matters to be voted on and their proxies shall not participate in the vote counting and scrutinizing.</u></p> <p><u>When a motion is voted on at the General Meeting by a poll on site, the lawyers, representatives of shareholders and the representatives of supervisors shall jointly count the votes, scrutinize the vote counting and declare the voting results on the spot. The voting results shall be recorded in the minutes of meeting.</u></p> <p><u>Shareholders or their proxies casting votes online or using other methods shall have the right to check their votes through the voting system concerned.</u></p>
<p>Article 91 The Chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book.</p>	<p><u>Article 106 The on-site General Meeting shall not be closed at a time earlier than the meeting held through online voting or otherwise. The chairman of the meeting shall declare the voting information and results for each motion.</u> The Chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book.</p> <p><u>Companies, vote counters, scrutineers, major shareholders, network service providers or other parties involved in the on-site voting, online voting or other voting methods shall keep the voting information confidential until the voting results are duly declared.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 107 Shareholders present at the general meeting shall give to each resolution one of following opinions: for, against, or abstain, except for the declarations made by the securities registration and clearing institution as the nominal holder of the shares under the mechanism of mutual stock market access between the PRC and Hong Kong on behalf of the actual shareholders.</u></p> <p><u>Votes that are not filled, mistakenly filled, illegible, or those that are not casted shall be treated as though the voters have given up their voting rights, and the votes shall be counted as “abstain”.</u></p>
	<p><u>Article 108 Any resolutions of the General Meeting shall be announced promptly, in which the announcement shall set out the number of shareholders and proxies present at the meeting, the total number of voting shares they hold and its proportion in the total voting shares of the Company, way of voting, the voting results for each motion and the specifics of each resolution adopted. The attendance and voting of domestic shareholders and foreign shareholders should be counted and announced separately.</u></p> <p><u>If a resolution is not passed, or if a resolution passed at the previous general meeting is amended, a special notification shall be made in the announcement of resolutions of the general meeting.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 93 If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.</p> <p>Minutes of meetings shall be kept for shareholders' general meetings and the secretary to the board of directors shall be responsible for such minutes. Minutes of meetings shall be signed by the chairman of the meetings, attending directors and supervisors, the secretary to the board of directors, and the convener of the meeting or his proxy. The minutes of meetings shall be kept at the Company's place of residence together with the shareholders' attendance lists and proxy forms for the Company's records. The above minutes, shareholders' attendance lists and proxy forms of the meetings shall be kept for at least ten years.</p>	<p>Article 110 If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.</p> <p>Minutes of meetings shall be kept for shareholders' general meetings and the secretary to the board of directors shall be responsible for such minutes. <u>The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting.</u> Minutes of meetings shall be signed by the chairman of the meetings, attending directors and supervisors, the secretary to the board of directors, and the convener of the meeting or his proxy. The minutes of meetings shall be kept at the Company's place of residence together with the shareholders' attendance lists and proxy forms <u>and the valid information relating to voting online and by other means</u> for the Company's records. The above minutes, shareholders' attendance lists and proxy forms of the meetings shall be kept for at least ten years.</p> <p><u>The meeting minutes shall include the following contents:</u></p> <p><u>(I) Meeting time, address, agenda, names of the meeting conveners;</u></p> <p><u>(II) Name of the chairman of the meeting as well as the directors, supervisors, secretary to the Board, managers and other senior executives who attended the meeting;</u></p> <p><u>(III) Number of shareholders and their agents who attended the meeting, number of shares with voting rights and its percentage as to the total number of shares in the Company;</u></p> <p><u>(IV) Review process, key points and voting results of each proposed resolution;</u></p> <p><u>(V) Inquires or proposals of the shareholders and the replies and explanations;</u></p> <p><u>(VI) Names of the lawyers, vote counters and supervisors;</u></p> <p><u>(VII) other contents as may be required to be included in the meeting minutes under the Articles of Association.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 111 The meeting convener must ensure that the general meeting continues until the final decisions are made. If the general meeting is suspended due to special reasons such as force majeure or decisions cannot be made, necessary measures should be taken as soon as possible to reconvene the meeting or end the present meeting, and make an announcement promptly.</u></p> <p><u>Meanwhile, the meeting convener shall report to the local office of the CSRC where the Company is located and the relevant stock exchange.</u></p>
	<p><u>Article 112 Except for the cumulative voting system, the general meeting will vote the resolutions one by one. If there are different resolutions for the same matter, voting shall be conducted in accordance to the time sequence of the proposed resolutions. Except for cases where the general meeting is suspended or decisions cannot be made due to special reasons such as force majeure, the meeting shall not be set aside or make no votes for such resolution.</u></p> <p><u>When considering the proposed resolutions, the general meeting shall not make any modifications. Otherwise, the relevant modifications shall be regarded as a new resolution, which cannot be subject to voting at the present meeting.</u></p>
<p>Article 102 Apart from the holders of other classes of shares, the holders of the Domestic Shares and holders of the H Shares shall be deemed to be holders of different classes of shares.</p> <p>The special procedures for approval by a class of shareholders shall not apply in the following circumstances:</p> <p>(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued Domestic Shares and the H Shares;</p> <p>(2) where the Company’s plan to issue Domestic Shares and the H Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council; or</p> <p>(3) where the share(s) held by the domestic shareholder(s) may be transferred to overseas investors, and such transferred shares may be listed or trade on an overseas stock exchange, subject to the approval of the securities authority of the State Council.</p>	<p><u>Article 121</u> Apart from the holders of other classes of shares, the holders of the <u>A</u> Shares and holders of the H Shares shall be deemed to be holders of different classes of shares.</p> <p>The special procedures for approval by a class of shareholders shall not apply in the following circumstances:</p> <p>(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued <u>A</u> Shares and the H Shares;</p> <p>(2) where the Company’s plan to issue <u>A</u> Shares and the H Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council; or</p> <p>(3) where the share(s) held by the <u>A</u> shareholder(s) may be transferred to overseas investors, and such transferred shares may be listed or trade on an overseas stock exchange, subject to the approval of the securities authority of the State Council.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 104 A director of the Company shall be a natural person and he/she is not required to hold any share of the Company. Directors of the Company comprise executive directors, non-executive directors and independent non-executive directors. Executive directors refer to directors who assume the operation and management duties within the Company. Non-executive directors refer to directors who do not assume the operation and management duties within the Company and do not have independence pursuant to the law. Independent non-executive directors refer to directors who satisfy the requirements under section 2 of chapter 10 of the Articles of Association. Directors shall have the qualifications as required by laws.</p> <p>Directors shall be elected at the shareholders’ general meeting and each has a term of three years. A director may be re-elected upon the expiration of his/her term. However, an independent non-executive director shall not serve more than nine years consecutively.</p> <p>The chairman and the vice chairman shall be elected and removed by more than one half of all of directors for a term of three years and the term is renewable upon re-election.</p>	<p><u>Article 123</u> A director of the Company shall be a natural person and he/she is not required to hold any share of the Company. Directors of the Company comprise executive directors, non-executive directors and independent non-executive directors. Executive directors refer to directors who assume the operation and management duties within the Company. Non-executive directors refer to directors who do not assume the operation and management duties within the Company and do not have independence pursuant to the law. Independent non-executive directors refer to directors who satisfy the requirements under section 2 of chapter 10 of the Articles of Association. Directors shall have the qualifications as required by laws.</p> <p>Directors shall be elected at the shareholders’ general meeting and each has a term of three years. A director may be re-elected upon the expiration of his/her term. However, an independent non-executive director shall not serve more than nine years consecutively. <u>Before the expiration, the general meeting cannot terminate their services without cause.</u></p> <p>The chairman and the vice chairman shall be elected and removed by more than one half of all of directors for a term of three years and the term is renewable upon re-election.</p> <p><u>The term of office of the directors is calculated from the date of appointment to the expiration of this session of the Board. In cases where the tenure expires and the re-election is not conducted promptly, the existing original directors shall, before the newly elected directors take office, perform their duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.</u></p> <p><u>The managers and other senior executives may also serve as directors. The number of directors also serving as managers, senior managers or employee representatives shall not be more than one half of the total number of directors of the Company.</u></p>
<p>Article 107 A director may resign before expiration of his term of service. For the purpose of resignation, the director shall submit a resignation report in writing to the board of directors.</p> <p>.....</p>	<p><u>Article 126</u> A director may resign before expiration of his term of service. For the purpose of resignation, the director shall submit a resignation report in writing to the board of directors. <u>The Board shall disclose the relevant information within two days.</u></p> <p>.....</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 108 When a director’s resignation takes effect or his term of service expires, his duty to keep the business information confidential should survive unless such information becomes public knowledge.</p>	<p><u>Article 127</u> When a director’s resignation takes effect or his term of service expires, <u>he/she shall complete the handing-over procedures with the Board.</u> His duty to keep the business information confidential should survive unless such information becomes public knowledge; <u>the obligation of such directors to be loyal to the Company and its shareholders shall not be revoked automatically upon the expiration of the term of office and shall remain valid within the reasonable period provided in the Articles.</u></p>
<p>Article 111 Any director, before the expiration of his term of service, shall be responsible for the damage of the Company caused by his/her absence from the Company without approval.</p> <p>Subject to relevant laws and administrative regulations, the shareholders’ general meeting shall have power by ordinary resolution to remove any director before the expiration of his/her term of service (but without prejudice to any claim for damages under any contract).</p> <p>Where a director fails to attend Board meetings and has not appointed a representative to attend the meetings on his behalf for two consecutive times, he/she shall be deemed as incapable to perform his/her duty. The board of directors shall propose the shareholders’ general meeting to remove the director.</p>	<p><u>Article 130</u> Any director, before the expiration of his term of service, shall be responsible for the damage of the Company caused by his/her absence from the Company without approval.</p> <p>Subject to relevant laws and administrative regulations, the shareholders’ general meeting shall have power by ordinary resolution to remove any director before the expiration of his/her term of service (but without prejudice to any claim for damages under any contract). Where a director fails to attend Board meetings and has not appointed a representative to attend the meetings on his behalf for two consecutive times, he/she shall be deemed as incapable to perform his/her duty. The board of directors <u>shall</u> propose the shareholders’ general meeting to remove the director.</p>
	<p><u>Article 138 The Board shall formulate rules of procedures of the Board to guarantee implementation of resolutions by General Meetings and scientific decision-making by the Board and promote efficiency.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 123 Board meetings shall be held at least four times every year and shall be convened by the chairman of the board of directors. Notices and documents of meetings shall be served to all directors at least 14 days prior to the date of meeting.</p> <p>.....</p> <p>Notices and documents of the extraordinary Board meetings shall be delivered in a reasonable period before the meeting is convened. Notices of meetings and extraordinary Board meetings shall be delivered by telephone, facsimile, post, hand, email or other means recognised by the relevant regulatory authorities.</p>	<p><u>Article 143 The Board meetings are classified as regular meetings and extraordinary meetings.</u> Board meetings shall be held at least four times every year and shall be convened by the chairman of the board of directors. Notices and documents of meetings shall be served to all directors at least 14 days prior to the date of meeting. <u>Notice of an extraordinary 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 an extraordinary 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.</u></p> <p>.....</p> <p><u>Article 144</u> Notices of meetings and extraordinary Board meetings shall be delivered by telephone, facsimile, post, hand, email or other means recognised by the relevant regulatory authorities.</p> <p><u>The notice of Board meeting shall include:</u></p> <p><u>(1) date and place of the meeting;</u></p> <p><u>(2) deadlines of the meeting;</u></p> <p><u>(3) reasons of and agenda for the meeting; and</u></p> <p><u>(4) date of the notice.</u></p>
<p>Article 124 Board meetings shall be held only if more than half of all directors are present.</p> <p>Each director shall have one vote. Except for matters which require consents from more than two-thirds of directors as provided in Article 117 of the Articles of Association, a resolution of the board of directors must be passed by more than half of all directors.</p> <p>Where there is an equality of votes cast both for and against a resolution, the chairman of the board of directors shall have an additional casting vote.</p>	<p><u>Article 145</u> Board meetings shall be held only if more than half of all directors are present.</p> <p>Each director shall have one vote. Except for matters which require consents from more than two-thirds of directors as provided in the <u>laws, administrative rules, regulations, regulatory documents and the Articles</u>, a resolution of the board of directors must be passed by more than half of all directors.</p> <p>Where there is an equality of votes cast both for and against a resolution, the chairman of the board of directors shall have an additional casting vote.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 127 Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings and the recorder. Directors shall be liable for board resolutions. If a board resolution is against the law, administrative rules or the Articles of Association and resolutions of the shareholders' general meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the Company provided directors who have been proved as having expressed dissenting opinions on the resolution when voting as recorded in the minutes of meeting shall be exempted from liability.</p>	<p><u>Article 148</u> Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings and the recorder. Directors shall be liable for board resolutions. If a board resolution is against the law, administrative rules or the Articles of Association and resolutions of the shareholders' general meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the Company provided directors who have been proved as having expressed dissenting opinions on the resolution when voting as recorded in the minutes of meeting shall be exempted from liability. <u>Minutes of Board meetings shall be kept as the documentation of the Company for at least ten years.</u></p>
<p>Article 132</p> <p>The term of office of the president and other senior management officers is three years and renewable upon re-appointed.</p>	<p><u>Article 153</u>.....</p> <p>The term of office of the president and other senior management officers is three years and renewable upon re-appointed. <u>The General Manager may apply for resignation prior to the expiration of his/her term of office. Procedures for and methods of the General Manager's resignation shall be provided in the employment contract entered into by and between the General Manager and the Company.</u></p>
	<p><u>Article 157</u> <u>The General Manager shall formulate the General Manager working guidelines and implement the same after its approval by the Board.</u></p> <p><u>(1) conditions and procedures for the convening of the meeting of the General Manager and participants;</u></p> <p><u>(2) Detailed duties and responsibilities of the General Manager and other officers of the Company;</u></p> <p><u>(3) application of funds and assets of the Company, authority to enter into material contracts and the procedures for reporting to the Board and the Supervisory Committee; and</u></p> <p><u>(4) other matters as deemed necessary by the Board.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 142 A supervisor shall carry out his/her supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.</p>	<p><u>Article 170</u> A supervisor shall carry out his/her supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association, <u>and maintain loyal, honest and diligent to the Company and may not take advantage of their posts for bribery, other illegal gains or possession of the Company's property.</u></p> <p><u>Supervisors may not take advantage of his/her affiliations and undermine the benefits of the Company and shall be liable for compensation for loss thus incurred by the Company (if any).</u></p> <p><u>Supervisors shall make sure that information disclosed by the Company is true, accurate and complete.</u></p>
	<p><u>Article 171</u> The Supervisory Committee shall formulate rules of procedures of the Supervisory Committee to guarantee high efficiency of and scientific decision-making by the Supervisory Committee. Such rules of procedures shall establish procedures for the convening of meetings of the Supervisory Committee and voting.</p>
<p>Article 168 At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.</p> <p>The Company shall adopt the Gregorian calendar year for its accounting year, i.e. from 1 January to 31 December.</p> <p>The Company shall adopt RMB as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.</p>	<p><u>Article 191</u> The Company shall prepare an annual financial and accounting report within four months from the end of the previous financial year, prepare a semi-annual financial and accounting report within two months from the end of the first six months of the present financial year, prepare quarterly financial and accounting reports within one month from the end of the first three months and the first nine months respectively of the present financial year, and submit them to the relevant regulatory authorities in accordance with the relevant laws.</p> <p><u>The financial report of the Company includes the following financial and accounting reports as well as attached statements:</u></p> <p><u>(I) Balance sheet;</u></p> <p><u>(II) Income statement;</u></p> <p><u>(III) Cash flow statement;</u></p> <p><u>(IV) Statement of profit distribution;</u></p> <p><u>(V) Notes of financial statements.</u></p> <p>The Company shall adopt the Gregorian calendar year for its accounting year, i.e. from 1 January to 31 December.</p> <p>The Company shall adopt RMB as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 200 The reserve fund of the Company shall only be used in the following ways:</u></p> <p><u>(1) for making up the losses;</u></p> <p><u>(2) to expand the production operation of the Company; and</u></p> <p><u>(3) to increase the registered capital of the Company. The Company capitalizes the capital reserve fund and surplus reserve fund as its capital upon the approval of the shareholders' general meeting, new shares shall be issued by way of bonus to the shareholders in proportion to their shareholdings or the par value of the shares shall be increased, provided that the balance of such reserve fund may not be less than 25 per cent of the registered capital when the statutory reserve fund is capitalized as capital.</u></p> <p><u>However, the capital reserve fund shall not be used for making up the losses of the Company.</u></p>
	<p><u>Article 203 The Company shall focus on the long-term and sustainable development of the Company while comprehensively taking into consideration its actual conditions and development objectives to establish a sustainable, stable and scientific return plan and mechanism for investors, so as to make institutional arrangements for dividend distribution in order to ensure the continuity and stability of the dividend distribution policies.</u></p> <p><u>The Company implements consistent, stable and positive profit distribution policy and emphasize reasonable investment rewarding for the shareholders. Cash dividends shall take precedence in profit distribution compared to stock dividends. The Board, Supervisory Committee and shareholders at the general meeting of the Company shall take full account of the opinions of Independent Directors, external supervisors and minority shareholders when making decisions and reviewing the Company's profit distribution policies.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>The Company's profit distribution policy:</u></p> <p><u>(1) The Company may use cash, shares, combination of cash and shares or other forms as permitted by the laws and regulations in making profit distribution, and give priority to the provision of cash dividends, cash distribution shall not exceed the cumulative distributable profit or damage the Company's continuous operation capability;</u></p> <p><u>(2) If the following cash dividends conditions have been satisfied and the credit requirement for normal operation and development is satisfied, the percentage of distributed profits in the form of cash dividends shall be not less than 20% of the allocable profit of the year, and the percentage of cumulative distributed profits in the form of cash dividends in any consecutive three years shall be not less than 30% of annual allocable profit of the three years:</u></p> <ol style="list-style-type: none"> <u>1. the allocable profits of the year (after-tax profit after loss recovery and common fund reserve) are positive;</u> <u>2. cumulative allocable profits are positive (based on the format of statement of the parent company);</u> <u>3. the auditing authority issues standard and clean auditing report for the annual financial reports;</u> <u>4. No event of the Company such as substantial investment plan or substantial cash payment occur (except for fund raising projects). Substantial investment plan or substantial cash payment refers to (1) any proposed external investment, assets acquisition or facilities acquisition in the coming 12 months in aggregate reach or exceed 50% of the Company's audited net asset and exceed RMB50 million; (2) any proposed external investment, assets acquisition or facilities acquisition in the coming 12 months in aggregate reach or exceed 30% of the Company's audited total asset;</u> <p><u>(3) While ensuring its normal business development, the Company adheres to the principle of giving priority to the provision of cash dividends when making profit distribution; no share dividends may be distributed if no cash dividends were made during the year. The Board is obliged to put forward a cash dividend proposal and it should explain the proposed use or the principles for using the distributable profit realized but not distributed in the current year;</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>(4) In the event that the Board fails to put forward a cash dividend proposal due to major investment plans or major cash expenditures or other reasons, it must explain the reasons and the specific use of the retained profits in the profit distribution proposals;</u></p> <p><u>(5) If the Board believes that the Company has relatively good future growth potential, relatively high net asset value per share, and that the Company's share price does not match its share capital or that distributing share dividends conforms to the overall interests of all shareholders, it may draw up share dividend distribution proposals subject to compliance with its cash dividend policies;</u></p> <p><u>(6) The Company generally distributes profits annually; the Board may also put forward interim profit distribution proposals in accordance with the Company's profit conditions and funding needs;</u></p> <p><u>(7) The Company shall exercise its right as the shareholder of its subsidiaries to ensure the Company's ability to implement the cash dividend plan in the current year with the profits distributed by its subsidiaries in cash.</u></p> <p><u>If the following situation appear and passed by the shareholders representing more than two thirds of the voting rights of all shareholders present at the shareholders' general meeting, the Company can adjust or change the aforementioned profit distribution policy:</u></p> <p><u>(1) relevant regulations or rules have changed or been adjusted;</u></p> <p><u>(2) warning signs appear in risk control index including net capital;</u></p> <p><u>(3) the deterioration of the Company operation;</u></p> <p><u>(4) the board of directors propose to adjust.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 204 The Board of the Company shall, taking into account the features of the industry the Company is engaged in, the development phase, operating model, size of profit and plan for significant capital expenditures of the Company, put forward different policies relating to the payment of dividends in cash according to different circumstances specified below:</u></p> <p><u>(1) If the Company is in a mature development phase and has no significant capital expenditure plan, at least 80% of the distribution shall be paid in cash;</u></p> <p><u>(2) If the Company is in a mature development phase and has significant capital expenditure plan(s), at least 40% of the distribution shall be paid in cash;</u></p> <p><u>(3) If the Company is in a growing development phase and has significant capital expenditure plan(s), at least 20% of the distribution shall be paid in cash.</u></p> <p><u>If the Company is in a development phase not clearly identifiable and has significant capital expenditure plan(s), the provision of the aforesaid shall be applicable.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 205 The Company's review procedures on profit distribution are as follows:</u></p> <p><u>(1) The Board shall formulate a profit distribution plan;</u></p> <p><u>(2) The profit distribution plan approved by the Board shall not be implemented until it is approved at the general meeting;</u></p> <p><u>(3) In the case where the Board fails to make a cash dividend plan or its cash dividend distribution plan does not comply with the Company's Articles of Association, the Board must explain the reasons and the use of retained profits in its periodic report, the independent nonexecutive directors shall provide their independent opinions in this regard;</u></p> <p><u>(4) The Supervisory Committee shall supervise the profit distribution plans formulated by the Board. It has the right to require the Board to make rectifications if the Board fails to make cash dividend distribution plans in accordance with the Company's Articles of Association or the cash dividend distribution plans made by the Board do not comply with the Company's Articles of Association;</u></p> <p><u>(5) If it is necessary to adjust profit distribution policies due to any major change to the business environment or the Company's internal operating conditions, the Board shall formulate new profit distribution policies and the independent non-executive directors and external supervisors shall give their opinions in this regard. The new profit distribution policies formulated by the Board shall be submitted to the general meeting for review and shall not be implemented until it is approved by over 2/3 of the voting rights held by the shareholders who attend the general meeting. Voting at the general meeting shall be conducted in the form of onsite vote and online vote to facilitate the minority shareholders' participation in the formulation or modification of the profit distribution policies.</u></p> <p><u>Upon passing of the resolution on profit distribution plan at the general meeting, the Company's Board shall complete the dividend (or share) payout within two months after the general meeting.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 179 The Company shall pay cash dividends and other payments which are payable to holders of Domestic Shares in RMB. The Company shall calculate and declare cash dividends and other payments which are payable to holders of the H Shares in RMB, and shall make such payments in foreign currencies. As for the foreign currency needed by the Company for payment of cash dividends and other payments which are payable to the holders of the H Shares, it shall be handled in accordance with any related national regulations on foreign exchange control.</p> <p>Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.</p> <p>In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of the Taxation Law of China and in consideration of the amount distributed.</p>	<p>Article 206 The Company shall pay cash dividends and other payments which are payable to A shareholders in RMB. The Company shall calculate and declare cash dividends and other payments which are payable to holders of the H Shares in RMB, and shall make such payments in foreign currencies. As for the foreign currency needed by the Company for payment of cash dividends and other payments which are payable to the holders of the H Shares, it shall be handled in accordance with any related national regulations on foreign exchange control.</p> <p>Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.</p> <p>In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of the Taxation Law of China and in consideration of the amount distributed.</p>
<p>Article 180</p> <p>.....</p> <p>Where permitted by laws, the Company has the power to sell the shares of a shareholder who is untraceable under the following circumstances:</p> <p>(1) during a period of twelve years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and</p> <p>(2) upon the expiry of the period of twelve years, the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers in the place where the Company's shares are listed, and notifies the stock exchange on which such shares are listed of such intention.</p>	<p>Article 207</p> <p>.....</p> <p><u>The Company shall have the right to sell shares of any H shareholders who cannot be contacted in the manner deemed to be appropriate by the Board of directors, subject to the following conditions:</u></p> <p>(1) during a period of twelve years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and</p> <p>(2) upon the expiry of the period of twelve years, the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers in the place where the Company's shares are listed, and notifies the stock exchange on which such shares are listed of such intention.</p> <p><u>Under the precondition of compliance with relevant laws, regulations of China, the Company may forfeit unclaimed dividends but such power shall not be exercised until the expiration of relevant period.</u></p> <p><u>Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 210</u> The accounting firm appointed by the Company shall have the following rights:</p> <p>.....</p> <p><u>The Company undertakes to provide authentic and complete accounting vouchers, books and accounts, financial and accounting reports and other accounting materials to the accounting firm it employs, and may not refuse such provision, conceal relevant materials or provide false materials.</u></p>
<p>Article 196 The amalgamation of the Company may take the form of either amalgamation by absorbing another company or amalgamation by establishing a new company.</p> <p>In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within ten days from the date of the Company’s resolution on the merger and shall publish an announcement in the newspaper recognized by the stock exchange where the shares of the Company are listed within thirty days from the date of such resolution. The creditors may, within thirty days of the receipt of the notice or within forty-five days of the issuance of the announcement if it fails to receive any notice, require the Company to repay its debt or provide corresponding guarantees.</p> <p>Upon completion of the merger, the rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or by the newly established company.</p>	<p><u>Article 223</u> The amalgamation of the Company may take the form of either amalgamation by absorbing another company or amalgamation by establishing a new company.</p> <p>In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within ten days from the date of the Company’s resolution on the merger and shall publish an announcement <u>in</u> the newspaper recognized by the stock exchange where the shares of the Company are listed within thirty days from the date of such resolution. The creditors may, within thirty days of the receipt of the notice or within forty-five days of the issuance of the announcement if it fails to receive any notice, require the Company to repay its debt or provide corresponding guarantees.</p> <p>Upon completion of the merger, the rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or by the newly established company.</p>
<p>Article 197 Where there is a division of the Company, its assets shall be divided up accordingly.</p> <p>In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company’s division resolution which is passed and shall publish a public notice in a newspaper recognized by the stock exchange where the shares of the Company are listed within thirty days of the date of the Company’s division resolution.</p>	<p><u>Article 224</u> Where there is a division of the Company, its assets shall be divided up accordingly.</p> <p>In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company’s division resolution which is passed and shall publish a public notice <u>in</u> a newspaper recognized by the stock exchange where the shares of the Company are listed within thirty days of the date of the Company’s division resolution.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 200 Where the Company is dissolved under sub-paragraphs (1), (2), (5) or (6) of the preceding Article, a liquidation committee shall be set up within fifteen days thereafter and commence the liquidation proceedings, and members of the liquidation committee of the Company shall be determined by directors or at the shareholders' general meetings. Where a liquidation committee is not established according to schedule, the creditor may apply to the People's Court to organize the relevant personnel to establish a liquidation committee to proceed with liquidation.</p> <p>Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the people's court shall, according to the relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.</p>	<p><u>Article 227 In case of the first occurrence as mentioned in item (1) of the preceding Article, the Company may continue to exist via amendment to the Articles. Adjustments to the Articles in accordance with the provisions of this paragraph shall be approved by shareholders attending a General Meeting holding shares carrying more than two-thirds of the voting rights.</u></p> <p>Where the Company is dissolved under sub-paragraphs (1), (2), (5) or (6) of the preceding Article, a liquidation committee shall be set up within fifteen days thereafter and commence the liquidation proceedings, and members of the liquidation committee of the Company shall be determined by directors or at the shareholders' general meetings. Where a liquidation committee is not established according to schedule, the creditor may apply to the People's Court to organize the relevant personnel to establish a liquidation committee to proceed with liquidation.</p> <p>Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the people's court shall, according to the relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.</p>
	<p><u>Article 236 The Company shall amend the Articles if:</u></p> <p><u>(1) provisions of the Articles conflict with those of the revised Company Law or other relevant laws, or administrative regulations.</u></p> <p><u>(2) Facts stated in the Articles are not consistent with the actual situation of the Company as it has experienced some change since the drafting of the Articles.</u></p> <p><u>(3) the General Meeting has passed a resolution to amend the Articles.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 237 The Articles may be amended in accordance with the following procedures:</u></p> <p><u>(1) the Board shall adopt a resolution in accordance with the requirements of the Articles to propose amendments to the Articles by shareholders in General Meeting and to formulate the proposal for amendments to the Articles.</u></p> <p><u>(2) the shareholders shall be notified of the proposals for amendments to the aforesaid Articles and a General Meeting of Shareholders shall be convened to vote on the amendments.</u></p> <p><u>(3) the proposals for amendments to the Articles shall be passed by way of a special resolution at the General Meeting.</u></p> <p><u>The Board of directors may be authorized by an ordinary resolution of a general meeting:</u></p> <p><u>(1) in the event that the Company increase its registered capital, to amend the Articles in respect of the registered capital of the Company according to specific situations;</u></p> <p><u>(2) in the event that the Articles approved by the general meeting need to be altered in letter and sequence of articles when submitted to the State Council authorities in charge of securities to be examined and approved, to make relevant amendments according to the requirements of the State Council authorities in charge of securities.</u></p> <p><u>Article 224 Amendments to the Articles are information to be disclosed as required by the laws and regulations and shall be announced in accordance with relevant regulations.</u></p>
	<p><u>Article 238 The amendments to the Articles passed at the General Meeting which should be approved by the supervising authority shall be submitted to the original approval supervising authority for approval; if the amendments involve company registration matters, alternation of the registration shall be made in accordance with law.</u></p>
	<p><u>Article 239 The Articles shall be amended by the Board in accordance with the resolution for amendments to the Articles passed at the General Meeting and approval of relevant competent authorities.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<u>Article 240 Amendments to the Articles are information to be disclosed as required by the laws and regulations and shall be announced in accordance with relevant regulations.</u>
<p>Article 212 The Company shall abide by the following principles for dispute resolution:</p> <p>(1) Whenever any disputes or claims arise between: holders of the H shares and the Company; holders of the H shares and the Company’s directors, supervisors, president or other senior management officers; or holders of the H shares and holders of the domestic shares, in respect of any disputes or claims in relation to the affairs of the Company arising as a result of any rights or obligations arising from the Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.</p> <p>.....</p>	<p><u>Article 244</u> The Company shall abide by the following principles for dispute resolution:</p> <p>(1) Whenever any disputes or claims arise between: holders of the H shares and the Company; holders of the H shares and the Company’s directors, supervisors, president or other senior management officers; or holders of the H shares and holders of the <u>A</u> shares, in respect of any disputes or claims in relation to the affairs of the Company arising as a result of any rights or obligations arising from the Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.</p> <p>.....</p>
	<u>Article 249 Schedules to the Articles shall include Rules of Procedure of the General Meeting of Shareholders, Rules of Procedure of the Board of Directors and Rules of Procedure of the Supervisory Committee.</u>

Note: Due to the addition and removal of certain articles, the order number of the articles shall be adjusted accordingly for cross-indexing. In the event of any discrepancies between the Chinese version and the English version, the Chinese version shall prevail.

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Resolution on the Amendments to the Procedural Rules of the General Meetings to be Applicable and Effective after the Listing of A Shares

Explanatory Statement Relating to the Amendments to the Procedural Rules of the General Meetings of Zhejiang Tengy Environmental Technology Co., Ltd

The table below sets out the proposed amendments to the existing Procedural Rules of the General Meetings for the draft of Procedural Rules of the General Meetings for A share offering and the proposed listing of A shares of the Company. Such amendments will become effective upon completion of the A Share Offering and the listing of the A Shares of the Company on the Shanghai Stock Exchange.

Existing articles	Proposed amendments
<p>Article 1 In order to regulate the behavior of Zhejiang Tengy Environmental Technology Co., Ltd (the “Company”) and guarantee the legal performance of rights and obligations by the general meeting, the following rules are hereby formulated in accordance with the requirements of relevant laws, regulations and regulatory documents such as the Company Law of the PRC as well as the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”).</p>	<p>Article 1 In order to regulate the behavior of Zhejiang Tengy Environmental Technology Co., Ltd (the “Company”) and guarantee the legal performance of rights and obligations by the general meeting, the following rules are hereby formulated in accordance with the requirements of relevant laws, regulations and regulatory documents such as the Company Law of the PRC, <u>the Securities Law of the People’s Republic of China, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules of the General Meetings of Listed Companies</u>, as well as the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”).</p>
<p>Article 4 The general meeting is divided into the annual general meeting and the extraordinary general meeting. The annual general meeting will be held once every year within six months from completion of the preceding financial year. The extraordinary general meeting will not be held at regular intervals. The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:</p> <p>(5) other circumstances stipulated by laws, regulations, regulatory documents or the Articles of Association.</p> <p>The numbers of shares held by the shareholder(s) in the preceding sub-section (3) shall be counted on the date of the request in writing.</p>	<p>Article 4 The general meeting is divided into the annual general meeting and the extraordinary general meeting. The annual general meeting will be held once every year within six months from completion of the preceding financial year. The extraordinary general meeting will not be held at regular intervals. The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:</p> <p>(5) <u>one half or more of the independent non-executive directors call for a general meeting;</u></p> <p>(6) other circumstances stipulated by laws, regulations, regulatory documents or the Articles of Association.</p> <p>The numbers of shares held by the shareholder(s) in the preceding sub-section (3) shall be counted on the date of the request in writing.</p> <p><u>If the Company cannot hold the extraordinary general meeting within the aforementioned period, it should report to the office of the China Securities Regulatory Commission (“CSRC”) where the Company is situated and the stock exchange where the Company’s shares are listed (“Stock Exchange”), stating and announcing the reasons for such event.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 5 When convening the general meetings, the Company should consult a lawyer and obtain and publish their legal opinions on the following issues:</u></p> <p><u>(1) whether the meeting is convened in accordance with the laws, regulations, regulatory documents, the Articles of Association and the rules contained herein;</u></p> <p><u>(2) whether the qualification of the participants and the conveners are legally valid;</u></p> <p><u>(3) whether the voting procedures and resolutions are legally valid;</u></p> <p><u>(4) other relevant questions upon the Company's request.</u></p>
<p>Article 5 The shareholders' general meeting shall exercise the following functions and powers according to the laws:</p> <p>.....</p> <p>(13) to examine and approve the guarantees matters as prescribed in Article 6;</p> <p>(14) to examine and approve the matters of purchase, sale by the Company within one year of significant assets or the guarantee amount exceeding thirty per cent (30%) of the latest audited total assets of the Company;</p> <p>(15) to examine stock incentive plans;</p> <p>(16) to examine and approve the matters proposed by shareholders who represent 3% or more voting rights of the Company;</p> <p>(17) to decide on other matters which, according to laws, regulations, regulatory documents and the Articles of Association, need to be approved by shareholders in general meetings.</p> <p>The shareholders in a general meeting may authorize the board of directors to carry out matters on their behalf or which they may sub-delegate to the board of directors provided that such authorization does not violates the mandatory requirements of the laws and regulations.</p>	<p>Article 6 The shareholders' general meeting shall exercise the following functions and powers according to the laws:</p> <p>.....</p> <p>(13) to examine and approve the guarantees matters as prescribed in <u>Article 7</u>;</p> <p>(14) to examine and approve the matters of purchase, sale by the Company within one year of significant assets or the guarantee amount exceeding thirty per cent (30%) of the latest audited total assets of the Company;</p> <p>(15) to examine and approve stock incentive plans;</p> <p>(16) to examine the matters proposed by shareholders who represent 3% or more voting rights of the Company;</p> <p><u>(17) to examine and approve matters relating to changes in the use of proceeds;</u></p> <p>(18) to decide on other matters which, according to laws, regulations, regulatory documents, the Articles of Association <u>and the listing rules of the place(s) where the Company's shares are listed</u>, need to be approved by shareholders in general meetings.</p> <p>The shareholders in a general meeting may authorize the board of directors to carry out matters on their behalf or which they may sub-delegate to the board of directors provided that such authorization does not violates the mandatory requirements of the laws, regulations <u>and the listing rules of the listing place(s)</u>.</p>
<p>Article 6 Provision of any of the following external guarantees by the Company must be reviewed and approved at the general meeting.</p> <p>.....</p> <p>(6) any other guarantee which shall be approved at the general meeting as prescribed by laws, regulations, regulatory documents and the Articles of Association.</p>	<p>Article 7 rovision of any of the following external guarantees by the Company must be reviewed and approved at the general meeting.</p> <p>.....</p> <p>(6) any other guarantee which shall be approved at the general meeting as prescribed by laws, regulations, regulatory documents, <u>the Stock Exchange</u> and the Articles of Association.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL
RULES PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
	<p><u>Article 9 An extraordinary general meeting may be convened upon proposal by half or more of the independent non-executive directors to the Board. Regarding the proposal of the independent directors to convene an extraordinary general meeting, the Board shall, pursuant to laws, regulations, regulatory documents and the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.</u></p> <p><u>Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Where the Board does not agree to convene the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 9 Where any shareholders request for the convention of an extraordinary general meeting, the following procedures shall be followed:</p> <p>(1) Shareholders individually or in aggregate holding 10% or more of the shares of the Company have the right to request in writing to the board to convene an extraordinary general meeting. The Board of Directors shall reply in writing on whether to convene the extraordinary general meeting within ten (10) days from the receiving date of such request in accordance with laws, regulations, regulatory documents and the Articles of Association.</p> <p>(2) If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of extraordinary general meeting within 5 days after the board resolution for this purpose is adopted. Any changes made by such notice to the original request shall be approved by the relevant shareholders.</p> <p>(3) If the board of directors disagrees to convene the extraordinary general meeting, or fails to reply within 10 days after its receipt of the request, the shareholders individually or in aggregate holding 10% or more of the shares of the Company may request the supervisory committee in writing to convene the extraordinary general meeting.</p> <p>(4) If the supervisory committee agrees to convene the extraordinary general meeting, it shall issue a notice of extraordinary general meeting within 5 days after its receipt of such request. Any changes made by such notice to the original request shall be approved by the relevant shareholders.</p> <p>(5) If the supervisory committee fails to issue the notice of extraordinary general meeting within the prescribed period, it shall be deemed that the supervisory committee will not convene or preside over the extraordinary general meeting, and the shareholders who individually or together hold 10% or more of the shares for more than 90 days consecutively may convene and preside over the meeting themselves. The convening procedures shall as much as possible be equivalent to those for meeting convened by the board of Directors.</p> <p>.....</p>	<p>Article 11 Where any shareholders request for the convention of an extraordinary general meeting <u>or a class meeting</u>, the following procedures shall be followed:</p> <p>(1) Shareholders individually or in aggregate holding 10% or more of the shares of the Company have the right to request in writing to the board to convene an extraordinary general meeting <u>or a class meeting</u>. The Board of Directors shall reply in writing on whether to convene the extraordinary general meeting <u>or class meeting</u> within ten (10) days from the receiving date of such request in accordance with laws, regulations, regulatory documents and the Articles of Association.</p> <p>(2) If the board of directors agrees to convene an extraordinary general meeting <u>or a class meeting</u>, it shall issue a notice of extraordinary general meeting <u>or class meeting</u> within 5 days after the board resolution for this purpose is adopted. Any changes made by such notice to the original request shall be approved by the relevant shareholders.</p> <p>(3) If the board of directors disagrees to convene the extraordinary general meeting <u>or class meeting</u>, or fails to reply within 10 days after its receipt of the request, the shareholders individually or in aggregate holding 10% or more of the shares of the Company may request the supervisory committee in writing to convene the extraordinary general meeting <u>or class meeting</u>.</p> <p>(4) If the supervisory committee agrees to convene the extraordinary general meeting <u>or class meeting</u>, it shall issue a notice of extraordinary general meeting <u>or class meeting</u> within 5 days after its receipt of such request. Any changes made by such notice to the original request shall be approved by the relevant shareholders.</p> <p>(5) If the supervisory committee fails to issue the notice of extraordinary general meeting <u>or class meeting</u> within the prescribed period, it shall be deemed that the supervisory committee will not convene or preside over the extraordinary general meeting <u>or class meeting</u>, and the shareholders who individually or together hold 10% or more of the shares for more than 90 days consecutively may convene and preside over the meeting themselves. The convening procedures shall as much as possible be equivalent to those for meeting convened by the board of Directors.</p> <p>.....</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 10 Where the supervisory committee or shareholders decide to convene a meeting, a written notice shall be sent to the board of directors.</p> <p>The shareholding proportion of the Convening Shareholders before announcing the resolution of the shareholders' general meeting shall not be under 10%.</p>	<p>Article 12 Where the supervisory committee or shareholders decide to convene a meeting, a written notice shall be sent to the board of directors <u>and filed with the branch office of the CSRC where the Company is situated and the relevant stock exchange(s).</u></p> <p>The shareholding proportion of the Convening Shareholders before announcing the resolution of the shareholders' general meeting shall not be under 10%.</p> <p><u>The Supervisory Committee and the Convening Shareholders shall submit relevant certifications to the branch office of the CSRC where the Company is situated and the relevant stock exchange(s) when issuing the notice regarding convening the meeting, as well as a notice about the resolution of the meeting.</u></p>
<p>Article 13 The proposed matters shall be within the scope of duties and powers of the general meetings. A proposal shall have a clear subject and specific matters to be resolved, and shall be in compliance with the laws, regulations, regulatory documents and relevant requirements of the Articles of Association.</p>	<p>Article 15 The proposed matters shall be within the scope of duties and powers of the general meetings. A proposal shall have a clear subject and specific matters to be resolved, and shall be in compliance with the laws, regulations, regulatory documents, <u>the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed</u> and relevant requirements of the Articles of Association.</p>
<p>Article 18 The notice and the supplementary notice of the general meeting of Shareholders shall sufficiently and fully disclose specific content of all proposals and all materials and explanations necessary for shareholders to make a reasonable judgment about matters to be discussed.</p>	<p>Article 20 The notice and the supplementary notice of the general meeting of Shareholders shall sufficiently and fully disclose specific content of all proposals and all materials and explanations necessary for shareholders to make a reasonable judgment about matters to be discussed. <u>If independent directors are required to give opinions about matters to be discussed, such independent directors' opinions and reasons shall be disclosed at the same time of giving the notice or the supplementary notice of the general meeting.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 20 Unless otherwise provided by laws, regulations and the Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders.</p>	<p>Article 22 Unless otherwise provided by laws, regulations, <u>the listing rules of the places where the Company's shares are listed</u> and the Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. <u>For holders of A shares, the notice of a general meeting may also be made by way of announcement.</u></p> <p><u>The announcement referred in the preceding paragraph shall be published within a period of forty-five to fifty days prior to the date of the general meeting in one or more newspapers and journals designated by the national securities regulatory authorities. Once an announcement is made, all holders of A shares are deemed to have received the relevant notice of the general meeting.</u></p>
<p>Article 26 All shareholders listed on the register of shareholders on the shareholding record date shall be entitled to attend and vote at the general meeting in accordance with relevant law, regulations and the Articles of Association.</p> <p>Any shareholder entitled to attend and vote at a general meeting has the right to appoint one or more persons (who are not required to be a shareholder) as his proxies to attend and vote on his behalf. Such proxies may exercise the following rights pursuant to the authorization by the shareholder:</p> <p>.....</p> <p>(3) unless otherwise provided in other laws and regulations, the right to vote by a show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll.</p>	<p>Article 28 All shareholders listed on the register of shareholders on the shareholding record date shall be entitled to attend and vote at the general meeting in accordance with relevant law, regulations, <u>the listing rules of the places where the Company's shares are listed</u> and the Articles of Association.</p> <p>Any shareholder entitled to attend and vote at a general meeting has the right to appoint one or more persons (who are not required to be a shareholder) as his proxies to attend and vote on his behalf. Such proxies may exercise the following rights pursuant to the authorization by the shareholder:</p> <p>.....</p> <p>(3) unless otherwise provided in <u>the applicable securities listing rules</u> or other laws and regulations, the right to vote by a show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 29 The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice for convening the meeting.</p> <p>Where the appointer is a legal person, its legal representative or other persons authorized by resolution of the board of directors or other decision-making organs may attend the shareholders' meeting of the Company as a representative of the appointer</p>	<p>Article 31 The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice for convening the meeting.</p> <p>Where the appointer is a legal person, its legal representative or other persons authorized by resolution of the board of directors or other decision-making organs may attend the shareholders' meeting of the Company as a representative of the appointer</p> <p><u>Where such shareholder is a Recognized Clearing House as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("Recognized Clearing House") (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if one or more persons are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized may be entitled to exercise the rights on behalf of the Recognized Clearing House (or its nominees) as if he/they were the individual natural shareholder(s) of the Company.</u></p>
<p>Article 31 Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.</p>	<p>Article 33 Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. <u>Declaration made by securities registration and clearing institutions as the nominal holder of the shares under the mechanism of mutual stock market access between the PRC and Hong Kong on behalf of the actual shareholders shall be excluded.</u> Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 36 The convener and the lawyer engaged by the Company shall verify the legitimacy of the shareholders' qualifications according to the register of members provided by the securities registration and clearing institutions. The names of shareholders and the total number of shares with voting rights held by them shall be registered. The registration at the meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares held with voting rights.</u></p>
<p>Article 36 In the annual general meeting, the board of directors and the supervisory committee shall report their work during the past year to the general meeting.</p>	<p>Article 39 In the annual general meeting, the board of directors and the supervisory committee shall report their work during the past year to the general meeting. <u>Each independent director shall also present a work report.</u></p>
<p>Article 40 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote at a shareholders' general meeting.</p> <p>The shares held by the Company shall carry no voting rights and this portion shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.</p> <p>The board of directors of the Company and shareholders who satisfy the relevant regulations and conditions may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, information such as specific voting intentions should be fully disclosed to the shareholders being solicited. Soliciting shareholder voting rights with compensation or disguised compensation is prohibited. The Company must not set a lowest shareholding percentage when soliciting the shareholder voting rights.</p> <p>Where any shareholder is, under the applicable laws and regulations, required to abstain from voting on any particular resolution or restricted to voting only in favour of (or only against) any particular resolution, any votes cast by such shareholder (or his proxies) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.</p>	<p>Article 43 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote at a shareholders' general meeting.</p> <p>The shares held by the Company shall carry no voting rights and this portion shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.</p> <p>The board of directors of the Company, <u>independent directors</u> and shareholders who satisfy the relevant regulations and conditions may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, information such as specific voting intentions should be fully disclosed to the shareholders being solicited. Soliciting shareholder voting rights with compensation or disguised compensation is prohibited. The Company must not set a lowest shareholding percentage when soliciting the shareholder voting rights.</p> <p>Where any shareholder is, under the applicable laws and regulations <u>and listing rules of the stock exchange where the Company's shares are listed</u>, required to abstain from voting on any particular resolution or restricted to voting only in favour of (or only against) any particular resolution, any votes cast by such shareholder (or his proxies) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 41 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless voting by way of a poll is required under the laws and regulations or demanded by the following persons before or after any vote by a show of hands:</p> <p>Unless voting by way of a poll is required under the laws and regulations or demanded by the persons in accordance with the foregoing provisions, the Chairman may declare that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.</p> <p>The demand for a poll may be withdrawn by the person who demands the same.</p>	<p>Article 44 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless voting by way of a poll is required under <u>the applicable listing rules or other</u> laws and regulations or demanded by the following persons before or after any vote by a show of hands:</p> <p>Unless voting by way of a poll is required under <u>the applicable listing rules or other</u> laws and regulations or demanded by the persons in accordance with the foregoing provisions, the Chairman may declare that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.</p> <p>The demand for a poll may be withdrawn by the person who demands the same.</p>
<p>Article 45 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:</p> <p>(5) matters other than those which are required by the laws, regulations or the Articles of Association to be adopted by special resolution.</p>	<p>Article 48 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:</p> <p>(5) matters other than those which are required by the laws, regulations, <u>the listing rules of the stock exchange on which the Company's Shares are listed</u> or the Articles of Association to be adopted by special resolution.</p>
<p>Article 53 Shareholders present at the general meeting shall present one of the following views during the voting of a resolution: consent, objection or abstention</p>	<p><u>Article 56</u> Shareholders present at the general meeting shall present one of the following views during the voting of a resolution: consent, objection or abstention. <u>Declaration made by securities registration and clearing institutions as the nominal holder of the shares under the mechanism of mutual stock market access between the PRC and Hong Kong on behalf of the actual shareholders shall be excluded.</u></p>
	<p><u>Article 59</u> Any resolution of the general meeting shall be announced in a timely manner, and such an announcement shall indicate the number of shareholders and proxies present at the meeting, the total number of voting shares they hold and its proportion to the total voting shares of the Company, the means of voting, the voting results of each proposal as well as the details of each resolution adopted. The attendance and voting results of the holders of A shares and overseas-listed shares shall be respectively counted and published in <u>the announcement.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<u>Article 60</u> If a proposal is not adopted or a resolution adopted at the previous general meeting of Shareholders is changed at this general meeting, special prompt shall be made in the public announcement about resolutions adopted at the general meeting.
<p>Article 57</p> <p>The minutes shall state the following contents:</p> <p>(6) Names of vote counters and scrutinizer of the voting;</p> <p>(7) Other contents to be included as specified in the Articles of Association.</p>	<p>Article 62</p> <p>The minutes shall state the following contents:</p> <p>(6) Names of lawyers, vote counters and scrutinizer of the voting;</p> <p>(7) Other contents to be included as specified in the Articles of Association.</p>
<p>Article 59 The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to promptly resume the meeting or directly terminate that meeting.</p>	<p>Article 64 The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to promptly resume the meeting or directly terminate that meeting, <u>and make a timely public announcement. Meanwhile, the convener shall report to the authorities delegated by the CSRC in the place where the Company is located and the stock exchange.</u></p>
	<p><u>Article 68</u> Those shareholders who hold different classes of shares are class shareholders.</p> <p><u>Class shareholders shall enjoy rights and assume obligations in accordance with laws, regulations and the Articles of Association.</u></p> <p><u>Where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.</u></p> <p><u>Where the equity capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.</u></p>
	<p><u>Article 69</u> Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by the class shareholders affected at a separate meeting conducted in accordance with Articles 71 to 75 of the Procedural Rules.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 70 The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:</u></p> <p><u>(1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting right or right to dividends or privileges equal or superior to those of shares of that class;</u></p> <p><u>(2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;</u></p> <p><u>(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;</u></p> <p><u>(4) to reduce or remove preferential rights attached to shares of that class to receive dividends or the distribution of assets in the event that the Company is liquidated;</u></p> <p><u>(5) to add, remove or reduce share conversion rights, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;</u></p> <p><u>(6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;</u></p> <p><u>(7) to create a new class of shares having voting right, right to dividends or other privileges equal or superior to those of the shares of that class;</u></p> <p><u>(8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;</u></p> <p><u>(9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;</u></p> <p><u>(10) to increase the rights or privileges of shares of another class;</u></p> <p><u>(11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders; and</u></p> <p><u>(12) to vary or abrogate any provision of this Chapter.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 71 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning subparagraphs (2) to (8), (11) and (12) of Article 70, but interested shareholder(s) shall not be entitled to vote at such class meetings.</u></p> <p><u>“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:</u></p> <p><u>(1) in case of an offer for share repurchase on a pro rata basis to all shareholders or a share buyback through public dealings on a stock exchange in compliance with Article 32 of the Articles of Association, a controlling shareholder within the meaning of Article 61 of the Articles of Association;</u></p> <p><u>(2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 32 of the Articles of Association, a holder of the shares to which the proposed agreement relates;</u></p> <p><u>(3) in the case of a restructuring of the Company, a shareholder who assumes a lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the other shareholders of that class.</u></p>
	<p><u>Article 72 Resolutions of a class meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 71, are entitled to vote thereat.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 73 In the event that the Company convenes a class meeting, a written notice specifying the matters to be considered at, and the date and location for, the meeting shall be issued to the shareholders whose names appear on the register of shareholders of such class forty-five days before the time appointed for holding such meeting. Shareholders who intend to attend the meeting shall serve the written reply to the Company twenty days prior to the date of the meeting.</u></p> <p><u>Where the number of shares carrying the rights to vote at the meeting held by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying the rights to vote at the meeting, the Company may convene the class meeting based thereon, failing which the Company shall within five days notify the shareholders again, by way of a public announcement, of the matters to be considered at, and the place and date for, the meeting before it proceeds to convene the class meeting.</u></p> <p><u>The quorum for a separate class meeting (other than an adjourned class meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.</u></p>
	<p><u>Article 74 Notice of class meetings need only be served on shareholders entitled to vote thereat.</u></p> <p><u>Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of the Articles of Association relating to the manner for convening shareholders' general meetings are also applicable to class meetings.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 75 Apart from the holders of other classes of shares, the holders of the A shares and holders of overseas listed foreign shares shall be deemed to be holders of different classes of shares.</u></p> <p><u>The special procedures for approval by a class of shareholders shall not apply in the following circumstances:</u></p> <p><u>(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued A shares and overseas listed foreign shares;</u></p> <p><u>(2) where the Company’s plan to issue A shares and overseas listed foreign shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council; or</u></p> <p><u>(3) where the share(s) held by the domestic shareholder(s) may be transferred to overseas investors, and such transferred shares may be listed or trade on an overseas stock exchange, subject to the approval of the securities authority of the State Council.</u></p>
<p>Article 63 If these rules contravene relevant laws, regulations, regulatory documents or the Articles of Association, implementation should be in accordance with relevant laws, regulations, regulatory documents or the Articles of Association.</p>	<p>Article 76 If these rules contravene relevant laws, regulations, regulatory documents, <u>the listing rules of the place(s) where the Company’s shares are listed</u> or the Articles of Association, implementation should be in accordance with relevant laws, regulations, regulatory documents, <u>the listing rules of the place(s) where the Company’s shares are listed</u> or the Articles of Association.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 78 Unless the context otherwise requires, “announcement” or “notice” referred to in these rules shall refer to:</u></p> <p><u>if issued to domestic shareholders, the publish of the relevant information disclosed on press designated by the CSRC. In the event that the text of an announcement or notice is relatively long, the Company may disclose a summary of relevant information on the press designated by the CSRC, but the full text shall be announced on the website designated by the CSRC.</u></p> <p><u>Announcement or notice issued to holders of overseas listed foreign shares shall refer to the publish of announcement on designated websites or newspapers in accordance with the requirements of the Listing Rules.</u></p> <p><u>Supplementary notice of general meeting shall be published on the same designated newspaper where the notice of meeting is published.</u></p>
<p>Article 66 These rules shall take effect and be implemented on the date when they are considered and passed at the general meeting.</p>	<p>Article 80 These rules shall take effect and be implemented on the date when they are considered and passed at the general meeting <u>and the Company’s shares are listed on the Shanghai Stock Exchange.</u></p>

Note: Due to addition or removal of articles, the original numbering of the Procedural Rules of the General Meetings has been consequently adjusted, and the cross reference of the articles has also been consequentially adjusted. In the event of any discrepancies between the Chinese version and the English version, the Chinese version shall prevail.

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Resolution on the Amendments to the Procedural Rules of the Board Meetings to be Applicable and Effective after the Listing of A Shares

Explanatory Statement Relating to the Amendments to the Procedural Rules of the Board Meetings of Zhejiang Tengy Environmental Technology Co., Ltd

The table below sets out the proposed amendments to the existing Procedural Rules of the Board Meetings for the draft of Procedural Rules of the Board Meetings for A share offering and the proposed listing of A shares of the Company. Such amendments will become effective upon completion of the A Share Offering and the listing of the A Shares of the Company on the Shanghai Stock Exchange.

Existing articles	Proposed amendments
<p>Article 1 Purpose</p> <p>These rules are formulated pursuant to the provisions of the Company Law of the PRC and the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”), for the purpose of regulating the discussion methods and decision-making procedures of the Board of Directors of Zhejiang Tengy Environmental Technology Co., Ltd. (the “Company”), procuring directors and the Board to perform their duties effectively, and improving the standardized operation and scientific decision-making level of the Board.</p>	<p>Article 1 Purpose</p> <p>These rules are formulated pursuant to the provisions of the Company Law of the PRC, <u>the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</u> and the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”), for the purpose of regulating the discussion methods and decision-making procedures of the Board of Directors of Zhejiang Tengy Environmental Technology Co., Ltd. (the “Company”), procuring directors and the Board to perform their duties effectively, and improving the standardized operation and scientific decision-making level of the Board.</p>
<p>Article 2 Corporate governance functions</p> <p>The Board shall perform the corporate governance functions, including but not limited to:</p> <p>(i) to review the corporate governance policies of the Company and the implementation thereof;</p> <p>(ii) to review and supervise the trainings for and professional development of the directors and senior management;</p> <p>(iii) to review and supervise the compliance policies of the Company and the implementation thereof;</p> <p>(iv) to formulate, review and supervise the codes of conduct applicable to the Company’s employees and directors and their compliance; and</p> <p>(v) to review the compliance of the Company with the relevant laws, regulations and principles on corporate governance.</p>	<p>Article 2 Corporate governance functions</p> <p>The Board shall perform the corporate governance functions, including but not limited to:</p> <p>(i) to review the corporate governance policies of the Company and the implementation thereof;</p> <p>(ii) to review and supervise the trainings for and professional development of the directors and senior management;</p> <p>(iii) to review and supervise the compliance policies of the Company and the implementation thereof;</p> <p>(iv) to formulate, review and supervise the codes of conduct applicable to the Company’s employees and directors and their compliance; and</p> <p>(v) to review the compliance of the Company with the relevant laws, regulations and principles on corporate governance <u>and to disclose the same in the corporate governance reports.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 3 Office of the Board</p> <p>The office of the Board shall be established to deal with day-to-day affairs.</p> <p>The secretary to the Board shall hold a concurrent post as the responsible person of the office of the Board, who is responsible for keeping the seals of the Board.</p>	<p>Article 3 Office of the Board</p> <p>The office of the Board shall be established to deal with day-to-day affairs.</p> <p>The secretary to the Board shall hold a concurrent post as the responsible person of the office of the Board, who is responsible for keeping the seals of the Board.</p> <p><u>The secretary to the Board may appoint a securities affairs representative or other personnel to assist him or her in dealing with day-to-day affairs.</u></p>
<p>Article 4 Special committees</p> <p>The Board may establish an audit committee, a remuneration and appraisal committee, a nomination committee, a corporate strategy committee and other special committees in accordance with relevant laws, regulations and regulatory documents.</p> <p>.....</p>	<p>Article 4 Special committees</p> <p>The Board may establish an audit committee, a remuneration and appraisal committee, a nomination committee, a corporate strategy committee and other special committees in accordance with relevant laws, regulations and regulatory documents. <u>Special committees shall only comprise directors. The audit committee shall only comprise and be chaired by independent directors, and at least one independent director shall be an accounting professional (i.e. those holding senior professional title or CPA qualification). The independent directors shall constitute the majority of the remuneration and appraisal committee and also chair the committee.</u></p> <p>.....</p>
<p>Article 8 Extraordinary meetings</p> <p>Under any of the following circumstances, the chairperson of the Board shall convene and chair the extraordinary board meeting within ten (10) days after the receipt of the proposal</p> <p>.....</p> <p>(4) the chairperson of the Board deems necessary;</p> <p>(5) the general manager proposes to convene an extraordinary meeting;</p> <p>(6) other circumstances as stipulated in the Articles of Association.</p> <p>.....</p>	<p>Article 8 Extraordinary meetings</p> <p>Under any of the following circumstances, the chairperson of the Board shall convene and chair the extraordinary board meeting within ten (10) days after the receipt of the proposal</p> <p>.....</p> <p>(4) the chairperson of the Board deems necessary;</p> <p><u>(5) one-half or above of the independent directors propose to convene an extraordinary meeting;</u></p> <p>(6) the general manager proposes to convene an extraordinary meeting;</p> <p><u>(7) the securities authorities request to convene an extraordinary meeting;</u></p> <p>(8) other circumstances as stipulated in the Articles of Association.</p> <p>.....</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 9 Procedures for proposing to convene the extraordinary meeting</p> <p>The chairperson of the Board shall convene and chair the Board meeting within ten (10) days upon the receipt of the proposal.</p>	<p>Article 9 Procedures for proposing to convene the extraordinary meeting</p> <p>The chairperson of the Board shall convene and chair the Board meeting within ten days upon the receipt of the proposal <u>or the request from the securities regulatory authorities.</u></p>
<p>Article 17 Limitations on attending the Board meeting by proxy</p> <p>Attending the Board meeting by proxy shall follow the principles below:</p> <p>(1) when reviewing matters in relation to related party transactions, non-related directors shall not entrust connected directors to attend the meeting, and related directors shall not accept the entrustment either;</p> <p>(2) directors shall not make a general entrustment of attending the meeting to other directors without stating their personal opinions and intention of voting on proposals, and relevant directors shall not accept general entrustment and entrustment without explicit authorization.</p> <p>(3) one director shall not accept the entrustment by more than two directors. Directors shall not entrust other directors who have already been entrusted by two directors to attend the meeting.</p>	<p>Article 17 Limitations on attending the Board meeting by proxy</p> <p>Attending the Board meeting by proxy shall follow the principles below:</p> <p>(1) when reviewing matters in relation to related party transactions, non-related directors shall not entrust connected directors to attend the meeting, and related directors shall not accept the entrustment either;</p> <p><u>(2) independent directors shall not entrust non-independent directors to attend the meeting, and non-independent directors shall not accept the entrustment either;</u></p> <p>(3) directors shall not make a general entrustment of attending the meeting to other directors without stating their personal opinions and intention of voting on proposals, and relevant directors shall not accept general entrustment and entrustment without explicit authorization.</p> <p>(4) one director shall not accept the entrustment by more than two directors. Directors shall not entrust other directors who have already been entrusted by two directors to attend the meeting.</p>
<p>Article 19 Procedures for review at the meeting</p> <p>The moderator shall ask directors attending the Board meeting to express explicit opinions on each proposal.</p>	<p>Article 19 Procedures for review at the meeting</p> <p>The moderator shall ask directors attending the Board meeting to express explicit opinions on each proposal.</p> <p><u>In respect of proposals for which prior approval by independent directors are required, the moderator shall appoint one independent director to read the written approval reached by the independent directors at the meeting before discussing the relevant proposals.</u></p>
<p>Article 22 Calculation of the voting result</p> <p>After voting, the relevant personnel from the office of the Board shall collect the votes of directors in time, and the secretary to the Board shall calculate the votes under the supervision of one supervisor.</p>	<p>Article 22 Calculation of the voting result</p> <p>After voting, <u>the securities affairs representative and</u> relevant personnel from the office of the Board shall collect the votes of directors in time, and the secretary to the Board shall calculate the votes under the supervision of one supervisor <u>or independent director.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 24 Withdrawal from voting</p> <p>If one of the following circumstances occurs, a director shall withdraw from voting on the relevant proposals:</p> <p>(1) circumstances under which a director him/herself considers that withdrawal from voting is necessary;</p> <p>(2) other circumstances prescribed in the Articles of Association under which a director is related to the enterprises referred to in the proposal thus withdrawal from voting is required.</p> <p>.....</p>	<p>Article 24 Withdrawal from voting</p> <p>If one of the following circumstances occurs, a director shall withdraw from voting on the relevant proposals:</p> <p><u>(1) circumstances as stipulated in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange where director shall withdraw from voting;</u></p> <p>(2) circumstances under which a director him/herself considers that withdrawal from voting is necessary;</p> <p>(3) other circumstances prescribed in the Articles of Association under which a director is related to the enterprises referred to in the proposal thus withdrawal from voting is required.</p> <p>.....</p>
<p>Article 28 Deferring of vote</p> <p>When more than half of the directors attending the meeting deem the proposals unclear, unspecific or materials of the meeting inadequate thus they are unable to make a judgement on the relevant matters, the moderator shall ask the meeting to defer the vote on such proposals.</p> <p>Directors suggesting the deferring of vote shall express explicitly the requirement concerning conditions on which the proposal can be re-submitted for review.</p>	<p>Article 28 Deferring of vote</p> <p>When more than half of the directors attending the meeting <u>or more than two independent directors</u> deem the proposals unclear, unspecific or materials of the meeting inadequate thus they are unable to make a judgement on the relevant matters, the moderator shall ask the meeting to defer the vote on such proposals.</p> <p>Directors suggesting the deferring of vote shall express explicitly the requirement concerning conditions on which the proposal can be re-submitted for review.</p>
<p>Article 30 Meeting minutes</p> <p>The Board shall prepare minutes of its decisions on the matters reviewed at the meetings. The directors attending a meeting shall sign the minutes of that meeting.</p> <p>.....</p>	<p>Article 30 Meeting minutes</p> <p>The Board shall prepare minutes of its decisions on the matters reviewed at the meetings. The directors attending a meeting shall sign the minutes of that meeting. <u>Opinions of independent directors shall be stated clearly in the Board resolution.</u></p> <p>.....</p>
<p>Article 33 Signatures of the directors</p> <p>Directors attending the meeting shall confirm and sign on the meeting minutes and resolutions on their own behalf or on behalf of directors entrusting them. Directors dissenting from the meeting minutes or the record of resolutions shall make a written statement at the time of signing.</p> <p>.....</p>	<p>Article 33 Signatures of the directors</p> <p>Directors attending the meeting shall confirm and sign on the meeting minutes and resolutions on their own behalf or on behalf of directors entrusting them. Directors dissenting from the meeting minutes or the record of resolutions shall make a written statement at the time of signing. <u>If necessary, such directors shall report to the regulatory authorities immediately, or make public announcement in this respect.</u></p> <p>.....</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
	<p><u>Article 34 Public announcement of the resolutions</u></p> <p><u>The secretary to the Board shall deal with matters in respect of the public announcement of the Board resolutions in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Articles of Association. Before the disclosure of the public announcement of the Board resolutions, directors attending the meeting and those invited to sit in on the meeting, the personnel taking minutes or providing services shall undertake the obligation to maintain the confidentiality of the Board resolutions.</u></p>
<p>Article 35 Preservation of the meeting files</p> <p>The Board meeting files shall include the notification of the meeting, meeting materials, the attendance book of the meeting, the power of attorney authorizing directors to attend the meeting on behalf, sound archives of the meeting, votes, meeting minutes confirmed and signed by directors attending the meeting, the meeting summary and the record of the resolutions, which shall be kept by the secretary to the Board.</p> <p>Preservation period of the Board meeting files shall be 10 years.</p>	<p>Article 36 Preservation of the meeting files</p> <p>The Board meeting files shall include the notification of the meeting, meeting materials, the attendance book of the meeting, the power of attorney authorizing directors to attend the meeting on behalf, sound archives of the meeting, votes, meeting minutes confirmed and signed by directors attending the meeting, the meeting summary, the record of the resolutions <u>and the public announcement of the resolutions</u> which shall be kept by the secretary to the Board. <u>A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company.</u></p> <p>Preservation period of the Board meeting files shall be 10 years.</p>
<p>Article 36 Supplementary provisions</p> <p>.....</p> <p>These rules shall take effect and be implemented on the date when they are considered and passed at the general meeting of the Company.</p> <p>.....</p>	<p>Article 37 Supplementary provisions</p> <p>.....</p> <p>These rules shall take effect and be implemented on the date when they are considered and passed at the general meeting of the Company <u>and the Company's shares are listed on the Shanghai Stock Exchange.</u></p> <p>.....</p>

Note: Due to addition or removal of articles, the original numbering of the Procedural Rules of the Board Meetings has been consequently adjusted, and the cross reference of the articles has also been consequentially adjusted. In the event of any discrepancies between the Chinese version and the English version, the Chinese version shall prevail.

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Resolution on the Amendments to the Procedural Rules of the Supervisory Committee Meetings to be Applicable and Effective after the Listing of A Shares

Explanatory Statement Relating to the Amendments to the Procedural Rules of the Supervisory Committee Meetings of Zhejiang Tengy Environmental Technology Co., Ltd

The table below sets out the proposed amendments to the existing Procedural Rules of the Supervisory Committee Meetings for the draft of Procedural Rules of the Supervisory Committee Meetings for A share offering and the proposed listing of A shares of the Company. Such amendments will become effective upon completion of the A Share Offering and the listing of the A Shares of the Company on the Shanghai Stock Exchange.

Existing articles	Proposed amendments
<p>Article 1 Purpose</p> <p>These rules are formulated pursuant to the provisions of the Company Law of the PRC (“Company Law”) and the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”), for the purpose of regulating the discussion methods and voting procedures of the Supervisory Committee of Zhejiang Tengy Environmental Technology Co., Ltd. (the “Company”), procuring supervisors and the Supervisory Committee to perform their supervision duties effectively, and improving the corporate governance structure of the Company.</p>	<p>Article 1 Purpose</p> <p>These rules are formulated pursuant to the provisions of the Company Law of the PRC (“Company Law”), <u>the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</u> and the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”), for the purpose of regulating the discussion methods and voting procedures of the Supervisory Committee of Zhejiang Tengy Environmental Technology Co., Ltd. (the “Company”), procuring supervisors and the Supervisory Committee to perform their supervision duties effectively, and improving the corporate governance structure of the Company.</p>
<p>Article 2 Office of the Supervisory Committee</p> <p>The office of the Supervisory Committee shall be established to deal with day-to-day affairs.</p> <p>The chairperson of the Supervisory Committee shall hold a concurrent post as the responsible person of the office of the Supervisory Committee, who is responsible for keeping the seals of the Supervisory Committee.</p>	<p>Article 2 Office of the Supervisory Committee</p> <p>The office of the Supervisory Committee shall be established to deal with day-to-day affairs.</p> <p>The chairperson of the Supervisory Committee shall hold a concurrent post as the responsible person of the office of the Supervisory Committee, who is responsible for keeping the seals of the Supervisory Committee.</p> <p><u>The chairperson of the Supervisory Committee may ask a securities affairs representative or other personnel to assist him or her in dealing with day-to-day affairs.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL RULES PURSUANT TO THE PROPOSED A SHARE OFFERING

Existing articles	Proposed amendments
<p>Article 3 Regular meetings and extraordinary meetings of the Supervisory Committee</p> <p>(5) other circumstances as stipulated in the Articles of Association.</p>	<p>Article 3 Regular meetings and extraordinary meetings of the Supervisory Committee</p> <p><u>(5) the Company, directors, supervisors and senior management are subject to the punishment by the securities regulatory authorities or the public censure from Shanghai Stock Exchange;</u></p> <p><u>(6) the securities regulatory authorities request to convene an extraordinary meeting;</u></p> <p>(7) other circumstances as stipulated in the Articles of Association.</p>
<p>Article 15 Signatures of the supervisors</p> <p>Supervisors attending the meeting shall confirm and sign on the meeting minutes. Supervisors dissenting from the meeting minutes shall make a written statement at the time of signing.</p> <p>If supervisors fail to confirm and sign on the meeting minutes in accordance with the preceding paragraph, or fail to make a written statement or report to the regulatory authorities or make a public announcement in respect of their dissenting opinions, it is considered that such supervisors fully agree with the meeting minutes.</p>	<p>Article 15 Signatures of the supervisors</p> <p>Supervisors attending the meeting shall confirm and sign on the meeting minutes. Supervisors dissenting from the meeting minutes shall make a written statement at the time of signing. <u>If necessary, such supervisors shall report to the regulatory authorities immediately, or make public announcement in this respect.</u></p> <p>If supervisors fail to confirm and sign on the meeting minutes in accordance with the preceding paragraph, or fail to make a written statement or report to the regulatory authorities or make a public announcement in respect of their dissenting opinions, it is considered that such supervisors fully agree with the meeting minutes.</p>
	<p><u>Article 16 Public announcement of the resolutions</u></p> <p><u>The secretary to the Board shall deal with matters in respect of the public announcement of the resolutions of the Supervisory Committee in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Articles of Association.</u></p>
<p>Article 17 Preservation of the meeting files</p> <p>The meeting files shall include the notification of the meeting, meeting materials, the attendance book of the meeting, sound archives of the meeting, votes, meeting minutes confirmed and signed by supervisors attending the meeting and the resolutions, which shall be kept by personnel designated by the chairperson of the Supervisory Committee.</p> <p>Preservation period of meeting materials of the Supervisory Committee shall be 10 years.</p>	<p>Article 18 Preservation of the meeting files</p> <p>The meeting files shall include the notification of the meeting, meeting materials, the attendance book of the meeting, sound archives of the meeting, votes, meeting minutes confirmed and signed by supervisors attending the meeting and the resolutions, which shall be kept by personnel designated by the chairperson of the Supervisory Committee. <u>A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company.</u></p> <p>Preservation period of meeting materials of the Supervisory Committee shall be 10 years.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE MEETING PROCEDURAL
RULES PURSUANT TO THE PROPOSED A SHARE OFFERING**

Existing articles	Proposed amendments
<p>Article 18 Supplementary provisions These rules shall take effect and be implemented on the date when they are considered and passed at the general meeting of the Company.</p>	<p>Article 19 Supplementary provisions These rules shall take effect and be implemented on the date when they are considered and passed at the general meeting of the Company <u>and the Company's shares are listed on the Shanghai Stock Exchange.</u></p>

Note: Due to addition or removal of articles, the original numbering of the Procedural Rules of the Supervisory Committee Meetings has been consequently adjusted, and the cross reference of the articles has also been consequentially adjusted. In the event of any discrepancies between the Chinese version and the English version, the Chinese version shall prevail.

**Zhejiang Tengy Environmental Technology Co., Ltd
Independent Directors' Rules**

March 2017

Chapter One General Rules

Article 1 To facilitate the regulated operation of Zhejiang Tengy Environmental Technology Co., Ltd (the “Company”), safeguard the overall interests of the Company and protect the legitimate interests of all the shareholders, in particular the minority shareholders, against any harm, these Rules have been formulated based on the actual circumstances of the Company in accordance with the Company Law of the People’s Republic of China (“Company Law”), the Securities Law of the People’s Republic of China, the Guidance on Establishment of the Independent Directors’ Rules by Listed Companies (the “Guidance Opinions”), relevant laws, regulations, regulatory documents and the Articles of Association of Zhejiang Tengy Environmental Technology Co. (the “Articles of Association”).

Article 2 Independent directors are directors who neither undertake other posts in the Company other than directorship nor have any relations with the Company and its substantial shareholders that may hinder their independent and objective judgment.

Article 3 The independent directors shall have fiduciary and diligent duties to the Company and all the shareholders.

The independent directors shall faithfully discharge their duties and protect the interests of the Company in accordance with the relevant laws, regulations, regulatory documents and the Articles of Association and shall pay particular attention to protecting the legitimate interests of the minority shareholders against any harm. The independent directors shall discharge their duties independently and are independent of any substantial shareholder or any actual controller or any entity or person who has interest in the Company or any of its substantial shareholders or any actual controller.

The independent directors shall attend the Board meeting as scheduled, understand the operations of the Company, take initiatives to investigate and obtain all information and materials as necessary for making a decision.

The independent directors shall submit an annual report on their work to the shareholders at the shareholders’ general meeting to explain how their duties have been executed.

Article 4 An independent director appointed by the Company may in principle concurrently act as an independent director of five companies at most, and shall ensure sufficient time and energy to be devoted to efficiently discharging his duties as independent director.

Article 5 No less than one third of the members of the Board of the Company shall be independent directors and at least one of them shall be an accounting professional.

The accounting professional referred to in the preceding paragraph shall mean a person who holds senior accountant title or is qualified as a certified accountant.

Article 6 If there is any circumstance where any independent director is not qualified as an independent director or otherwise unfit for discharging his duties as an independent director, thereby causing the number of independent directors to be below the quorum, the Company shall fill any deficiency in the number of independent directors in accordance with the provisions.

Article 7 Any independent director and person proposed to be an independent director shall participate in the training organized by the China Securities Regulatory Commission (“CSRC”) and the institutions authorized by it in accordance with the requirements of the CSRC.

Chapter Two Eligibility of An Independent Director

Article 8 Any person acting as an independent director shall be qualified to fit for the discharge of his duties:

- (I) he should be qualified as a director of a listed company under the laws, regulations, regulatory documents and other relevant requirements;
- (II) he shall be independent under the Guidance Opinion;
- (III) he shall have basic knowledge of the operation of a listed company, be familiar with the relevant laws, regulations and regulatory documents;
- (IV) he shall have 5 years or more legal or financial experience or other experience to discharge his duties as an independent director;
- (V) he shall meet other requirements stipulated in the Articles of Association.

Chapter Three Independence of Independent Directors

Article 9 The following persons shall not be appointed as independent directors of the Company:

- (I) employees of the Company or its subsidiaries, their immediate family members and major social associates; natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or who rank in the top ten shareholders of the Company, as well as their immediate family members;
- (II) employees of those shareholders who directly or indirectly hold more than 5% of the issued shares of the Company or who rank in the top five shareholders of the Company, as well as their immediate family members;
- (III) persons who fall within the above three categories in the preceding year;
- (IV) persons who provide financial, legal and consulting services to the Company or its subsidiaries;

(V) other persons provided in the Articles of Association;

(VI) those whom the CSRC considers not being suitable to act as independent directors.

The immediate family members referred to under item (I) above shall mean spouse, parents, children and so on; the major social associates referred to under item (I) above shall mean siblings, parent-in-law, sons-in-law and daughters-in-law, spouses of siblings, siblings of their spouses and so on.

Chapter Four Nomination, Election and Change of Independent Directors

Article 10 The board, the supervisory committee and shareholders individually or jointly holding more than 1% of the issued shares of the Company may nominate independent directors for election at a general meeting.

Article 11 The nominator of independent director shall, before his nomination, seek the consent of the nominee.

Article 12 The nominator of independent director shall fully understand the occupation, academic qualification, title and detailed working experience including all part-time jobs of the nominee and give opinion on his qualification and independence for acting as an independent director. The nominee directorship shall make an open announcement as to the absence of any relationship between the Company and him which may possibly affect his independent and objective judgment.

The board of directors shall disclose the above in accordance with requirements before a general meeting for the election of independent directors.

Article 13 The term of office for independent directors is the same as other directors, and the term is renewable upon re-election when it expires, but the renewed term may not be more than six years.

Article 14 If an independent director fails to attend three consecutive Board meetings in person, the board of directors shall therefore recommend his removal to the general meeting.

Unless in the above circumstances and in circumstances as specified by the Company Law where a person is prohibited from acting as an independent director, no independent director may be removed before his term of office expires without cause. In case of early removal, the Company shall disclose it by way of special disclosure. If the removed independent director considers that he is removed by the Company improperly, he may make a public announcement.

Article 15 An independent director may resign before his term of office expires. In resigning his duties, an independent director shall tender a resignation to the board of directors in writing and specify any matter which is related to his resignation or which he considers necessary to bring to the attention of the Company's shareholders and creditors.

If the resignation of an independent director causes the number of independent directors to fall below the minimum requirements of the Guidance Opinion, the resignation of such independent director shall be effective only after the succeeding independent director has filled his vacancy.

Chapter Five Special Power and Duties of Independent Directors

Article 16 In order to exercise the function of an independent director, save for the power vested by the Company Law and other relevant laws, regulations, regulatory documents and the Articles of Association, independent directors of the Company shall be vested with the following special power and duties:

- (I) to, after obtaining recognition of the independent directors, submit to the board of directors for discussion of matters relating to material related party transactions, i.e. the proposed transactions between the Company and related persons (excluding provision of guarantees, receipt of cash assets for free and any transaction that simply relieves the Company of any obligatory debt) amounting to RMB30 million or above and accounting for 5% or higher of the absolute value of the latest audited net assets of the Company. The independent directors may, before making a judgment, engage an intermediary to issue an independent financial report for them to rely upon in making the judgment;
- (II) to propose to the board of directors to engage or remove an accounting firm;
- (III) to propose to the board of directors to convene an extraordinary general meeting;
- (IV) to propose the calling of a board meeting;
- (V) to engage an external auditing or advisory institution independently;
- (VI) to collect voting rights from shareholders before the convening of a general meeting.

Article 17 The independent directors shall seek the consent of more than half of the independent directors in exercising their power under Article 16.

The independent directors shall seek the consent of more than half of the independent directors in entering into any material connected transaction, engaging or removing an accounting firm before submitting it to the board of directors for discussion.

The independent directors shall seek the unanimous approval of all the independent directors in exercising their power under section (V) of Article 16 where the independent directors engage an external auditing or advisory institution independently for auditing or advice in respect of the specific matters of the Company, and the relevant fees shall be borne by the Company.

Article 18 Where any proposal by an independent director under the provisions of Article 16 and Article 17 is rejected or his power cannot be exercised normally, the Company shall make disclosure accordingly.

Article 19 Independent Directors shall account for half or more of the members of the audit committee, nomination and remuneration committee under the Board of the Company.

Chapter Six Independent Opinions of Independent Directors

Article 20 Apart from performing the power and duties set out in Chapter Five, the independent directors shall also provide independent advice to the board of directors or at the shareholders' general meeting for the following matters:

- (1) nomination and removal of directors;
- (2) engagement or removal of senior management;
- (3) determining the remuneration of the directors and senior management of the Company;
- (4) the formulation, adjustment, decision-making procedures, implementation and information disclosure of the cash dividend distribution policy and whether the profit distribution policy damage the legitimate rights of minority investors;
- (5) any existing or new loan or any other financial transaction between the Company's shareholders, actual controllers and related enterprises and the Company with the aggregate amount over RMB3 million or over 5% of the latest audited net assets value of the Company and whether the Company has adopted effective measures to recover outstanding amount;
- (6) change in the use of proceeds, replacement of self-raised funds invested in advance in investment projects with the proceeds, liquidity supplementation by the proceeds and the use of idle proceeds for cash management;
- (7) material matters such as discloseable related party transactions in significant asset restructuring, external guarantees (excluding the provision of guarantees to subsidiaries included in the combined financial statements), wealth management entrustment, self-change of accounting policies, provision of financial support to external parties and investment in securities and derivatives;
- (8) significant asset restructuring and stock incentive scheme;
- (9) renewal or removal of the services of accounting firms;
- (10) matters that in the opinion of independent directors may prejudice the interests of the minority shareholders;

(11) others matters required by relevant laws, regulations, regulatory documents, the Articles of Association, the CSRC or the Shanghai Stock Exchange.

Article 21 Independent directors shall give their opinion in relation to the above mentioned matters in the following manner: consent; reserve their opinion and the reasons thereof; against the proposal and the reasons thereof; unable to provide opinion and the obstacles thereof.

Article 22 If the relevant matters requires disclosure, the Company shall disclose the opinion provided by the independent directors according to law.

Where the independent directors are unable to reach unanimous consent to their opinion, the board of directors shall disclose the opinion from each independent director separately.

Chapter Seven Necessary Conditions Provided to Independent Directors by the Company

Article 23 To ensure the efficient exercise by the independent directors of their power, the Company shall provide them with necessary conditions.

Article 24 The Company shall ensure that the independent directors enjoy the same right to the information as the other directors. The Company shall provide the independent directors with the relevant materials and information in a timely manner, report to them the operation of the Company on a regular basis and organize on-site inspections for them if necessary.

The Company shall give the independent directors prior notice as required by the law and provide sufficient information in relation to any matter to be decided by the board of directors. Any independent director who considers the information provided insufficient may request for additional information.

If two or more independent directors consider the information provided insufficient or reasons given not well supported, they may jointly propose to the board of directors in writing to adjourn the Board meeting or the consideration of such matters. The board of directors shall adopt such proposals.

Article 25 Any information provided to the independent directors by the Company shall be kept by the Company and the independent directors for at least 5 years.

Article 26 The Company shall provide the independent directors with the working conditions necessary for the discharge of their duties.

The secretary of the board of directors of the Company shall actively coordinate with the independent directors in discharging their duties, and provide assistance for their discharge thereof, such as giving an introduction and provision of information.

If there are any independent opinions, motions and written statements by the independent directors that need to be announced, the secretary of the board of directors shall responsibly complete the procedures with the Shanghai Stock Exchange for an announcement to be issued.

Article 27 Relevant persons of the Company shall actively coordinate with the independent directors in discharging their duties, shall neither refuse, hinder or conceal, nor interfere with the independent directors in discharging their duties.

Article 28 All fees such as travel and communication expenses incurred from the engagement of an intermediary or the exercise of their functions and power by independent directors shall be borne by the Company.

Article 29 The Company shall provide the independent directors with appropriate allowance and make disclosure thereof in the annual report.

Other than the above-mentioned allowances, the independent directors shall not receive any other additional and undisclosed benefits from the Company, its substantial shareholders or any institution and persons in which they are interested.

Article 30 The Company may establish a necessary insurance measures for independent directors' liabilities to minimize the risks that may arise from the ordinary discharge of duties by the independent directors.

Chapter Eight Rules of Works in Annual Report

Article 31 During the formulation and disclosure of the annual report of the Company, the independent directors shall perform the duties and obligations as an independent director in a diligent and faithful manner.

Article 32 After the end of each financial year, the management of the Company shall completely report the Company's operation and the progress of the major issues for the year to the independent directors. Meanwhile, the Company should arrange the independent directors for on-site inspections with respect to the relevant matters. The above matters shall be recorded in writing and all necessary documents shall be signed by all persons involved.

Article 33 The person in charge of the financial matters of the Company should submit the arrangement of auditing work of that year and other relevant information to each independent director prior to the commencement of the on-site annual audit by the registered accountants.

Article 34 The Company should, after the preliminary auditing opinion is issued by the annual registered accountant and before the board meeting reviewing the annual report is held, arrange at least one meeting between the independent directors and registered accountants of the annual audit to communicate the problems discovered in the course of auditing. The independent directors should perform the duties of attending such meetings. The minutes of such meetings should be recorded and signed by the persons involved.

Article 35 The independent directors shall pay close attention to the information confidentiality during the preparation of annual report. The independent directors shall prevent the leakage of insider information and occurring of insider trading and other illegal activities.

Article 36 The independent directors shall issue an independent report to express their views on material matters such as external guarantee given by the Company during the reporting year and related party transactions.

Article 37 The secretary of board of directors of the Company shall be responsible to coordinate the communications between the independent directors and the Company's management, and actively create all necessary conditions for the discharge of independent directors' duties in the preparation of the annual report.

Chapter Nine Supplementary Provisions

Article 38 In case of any inconsistencies between the Rules and the relevant laws, regulations, regulatory documents and the Articles of Association or issues not covered in the Rules, the relevant laws, regulations, regulatory documents or the Articles of Association shall prevail.

Article 39 Any matters not specified in the Rules should be implemented in accordance with relevant laws, regulations, regulatory documents and the Articles of Association. Should any of the Rules be found in conflict with relevant laws or regulations or regulatory documents issued later or in conflict with the legally amended Articles of Association, the relevant laws, regulations or regulatory documents and the Articles of Association shall prevail, and the Company should amend the Rules in a timely manner and submit to the shareholders' general meeting for approval.

Article 40 The Rules shall take effect and be implemented on the date when they are considered and passed at the shareholders' general meeting and the Company's shares are listed on the Shanghai Stock Exchange.

Article 41 The Rules shall be subject to the interpretation of the board of directors of the Company.

Zhejiang Tengy Environmental Technology Co., Ltd

2 March 2017

**Zhejiang Tengy Environmental Technology Co., Ltd
Measures on the Management of
Related Party Transactions**

March 2017

Chapter One General Rules

Article 1 To regulate the management of related party transactions of Zhejiang Tengy Environmental Technology Co., Ltd (the “Company”), formulate clear business operation process and safeguard the legitimate rights of the investors, in particular the minority investors, the Rules have been formulated based on the actual circumstances of the Company in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (“SSE Listing Rules”, together with the Hong Kong Listing Rules, collectively referred to as the “Listing Rules”), the Implementation Guidelines of the Shanghai Stock Exchange on Related Party Transactions of Listed Companies (“Implementation Guidelines”), the Standards on the Contents and Format for Information Disclosure by Companies regarding Public Issuance of Securities No. 2 — Contents and Format of Annual Reports, Business Enterprise Accounting Standards-Disclosure on the Related Party Relationship and its Transactions and other relevant laws, regulations, regulatory documents and the Articles of Association of Zhejiang Tengy Environmental Technology Co. (“Articles of Association”).

Article 2 Under the leadership of the secretary to the Board of the Company, the functional departments under the Board of the Company shall be responsible for the implementation of the Administrative Rules for Related Party Transactions, and shall coordinate with the departments, wholly-owned or controlling subsidiaries and other related parties of the Company for the implementation of the Rules, and update the list of related parties at any time based on the actual situation. The audit committee of the Company shall be responsible for the control and daily management of the related party transactions of the Company.

Article 3 The heads of departments or wholly-owned or controlling subsidiaries of the Company shall procure the respective departments or subsidiaries to strictly implement the Administrative Rules for Related Party Transactions. The personnel in charge of the relevant departments of the Company shall perform duties and obligations to conduct due diligence review on the background of each counterparty and make prudent judgements as to whether the transaction involved constitutes a related party transaction, and ensure that written notices will be given to the functional departments of the Board and finance department of the Company regarding the related party transactions conducted or to be conducted by the Company and its wholly-owned or controlling subsidiaries.

Article 4 The Company shall follow the following principles in the recognition and handling of relationships and transactions with related parties:

- (1) a related party and its related parties (including associates) with the right to vote at a general meeting shall withdraw from the meeting when taking votes;
- (2) directors who is interested in the related party must report on such relationship and related interests, and shall withdraw from the meeting when taking votes;

- (3) the Board (independent (non-executive) directors of the Company shall be included) of the Company shall determine whether the related party transactions and relevant terms are in the interest of the Company and its shareholders (including minority shareholders) as a whole and whether they are necessary for the production and operation of the Company based on objective standards, and shall hire a professional appraiser or an independent financial adviser if necessary. Notice shall be given to the independent (non-executive) directors of the Company in a timely manner regarding the execution and relevant terms of the related party transactions. Independent (non-executive) directors shall advise on whether the transactions and relevant terms are in the interest of the Company and its shareholders (including minority shareholders) as a whole. The Board of the Company must give due consideration to the advice given by independent (non-executive) directors;
- (4) The Company must enter into written agreements with related persons/companies for all related party transactions;
- (5) to comply with the requirements of relevant laws, regulations, regulatory documents and listing rules of the place(s) where the Company's shares are listed.

Article 5 When the Company deals with the related party transactions with related parties, it shall not harm the legitimate rights and interests of the shareholders as a whole, especially that of the minority shareholders, and shall ensure that the related party translations are in compliance with relevant laws, regulations, regulatory documents and requirements of relevant regulatory authorities.

Chapter Two The Recognition of Related Party and Related Party Transactions

Section One The Recognition of Related Party and Related Party Transactions under the Hong Kong Listing Rules

Article 6 Related parties and related party transactions referred to in this section and the standard for all applicable exemptions shall be recognized in accordance with the provisions of the Hong Kong Listing Rules.

Article 7 When the Company enters into the following transactions or dealings with related parties, they are deemed as related party transactions under the Hong Kong Listing Rules, including but not limited to:

- (1) acquisition or disposal of assets;
- (2) external investment (including entrusted wealth management and entrusted loans, etc.);
- (3) any transaction involving the selling, acceptance, transfer, exercise or termination of an option by the Company for the purchase or disposal of assets or warrants;
- (4) entrusting or being entrusted to manage assets and businesses;

- (5) giving or receiving assets;
- (6) restructuring of debts and liabilities;
- (7) execution or termination of financial leases;
- (8) execution or termination of operating leases or sub-leases, including those for leased or sub-leased properties;
- (9) execution of license agreements;
- (10) transfer of research and development projects as a transferor or a transferee;
- (11) provision of indemnities or guarantees
- (12) any arrangement or agreement entered into for the establishment of collaborative entities (in the form of partnership, joint ventures or any other vehicle);
- (13) issue of new securities;
- (14) provision or receipt of services;
- (15) sharing of services;
- (16) supply or purchase of raw materials, semi-finished products and finished products;
- (17) sale of products and merchandise;
- (18) provision or receipt of labour services;
- (19) provision or receipt of financial support;
- (20) entrusting or being entrusted to conduct sales activities;
- (21) other matters as stipulated by agreements which may result in the transfer of resources or obligations.

Article 8 Pursuant to the provisions of the Hong Kong Listing Rules, related parties of the Company include:

- (1) directors, supervisors, chief executive officer or substantial shareholders of the Company and its subsidiaries;
- (2) any person who used to be a director of the Company and its subsidiaries during the past 12 months;
- (3) associates (as defined in Appendix I to the Rules) of any person referred to in (1) and (2) above;

- (4) any non wholly-owned subsidiary of the Company in which any related party (other than related parties only at subsidiary level) of the Company may (individually or jointly) exercise (or procure to exercise) 10% or above of the voting rights at any shareholders' general meeting of such non wholly-owned subsidiary;
- (5) any subsidiary of the non wholly-owned subsidiaries referred to in (4) above.

***Section Two The Recognition of Related Party and Related Party Transactions
under the SSE Listing Rules***

Article 9 Related parties and related party transactions referred to in this section and the standard for all applicable exemptions shall be recognized in accordance with the provisions of the SSE Listing Rules and the Implementation Guidelines.

Article 10 A matter which takes place between the Company or any of its controlled subsidiary and a related party, and which may result in the transfer of resources or obligations, shall be deemed as a related party transaction under the SSE Listing Rules, including but not limited to:

- (1) acquisition or disposal of assets;
- (2) external investment (including entrusted wealth management and entrusted loans, etc.);
- (3) provision of financial support;
- (4) provision of guarantees
- (5) renting or renting out assets;
- (6) entrusting or being entrusted to manage assets and businesses;
- (7) giving or receiving assets;
- (8) restructuring of debts and liabilities;
- (9) execution of license agreements;
- (10) transfer of research and development projects as a transferor or a transferee;
- (11) purchase of raw materials, fuel and power;
- (12) sale of products and merchandise;
- (13) provision or receipt of labour services;
- (14) entrusting or being entrusted to conduct sales activities;

- (15) making deposits at or taking loans from a finance company of a related party;
- (16) making an investment jointly with a related party;
- (17) other matters as stipulated by agreements which may result in the transfer of resources or obligations, which include the financial assistance and guarantee provided for companies as jointly invested with the related party exceeding its equity percentage or investment percentage, or waiver of capital increase or pre-emptive rights of companies as jointly invested with the related party on a pro rata basis, etc.

Article 11 In accordance with the SSE Listing Rules and Implementation Guidelines, the related parties of the Company shall include related natural persons and related legal persons.

Article 12 A legal person or other organization shall be a related legal person of the Company under the SSE Listing Rules if:

- (1) the legal person or other organization directly or indirectly controls the Company;
- (2) the legal person or other organization other than the Company and its controlled subsidiaries is controlled directly or indirectly by the legal person or other organization in (1) above;
- (3) the legal person or other organization other than the Company and its controlled subsidiaries is controlled directly or indirectly by a related natural person set out in Article 14, or is a legal person or other organization in which the related natural person serves as director or senior management;
- (4) the legal person or other organization holds 5% or more of the shares of the Company;
- (5) the legal person or other organization is any other legal person or other organization having a special relationship with the Company which may cause the Company to be inclined to the interests of that legal person or organization, as determined by the China Securities Regulatory Commission (“CSRC”), the Shanghai Stock Exchange or the Company in accordance with the principle that essence is more important than form.

Article 13 If the Company and the legal person set out in (2) above are controlled by the same state-owned asset administration organ, no related relationship shall be created as a result thereof, unless the legal representative, general manager or half or more of the directors of the legal person serve concurrently as the directors, supervisors or senior management of the Company.

Article 14 A natural person shall be a related natural person of the Company under the SSE Listing Rules and Implementation Guidelines if:

- (1) the natural person directly or indirectly holds 5% or more of the shares of the Company;
- (2) the natural person is a director, supervisor or senior management of the Company;
- (3) the natural person is a director, supervisor or senior management of the related legal person set out in (1) of Article 12;
- (4) the natural person is a close family member of the persons referred to in (1) and (2) of this Article, including spouses, children aged 18 or above and their spouses, parents and parents-in-law, siblings and their spouses, siblings of spouses and parents-in-law of children;
- (5) the natural person is any other natural person having a special relationship with the Company as determined by the CSRC, the Shanghai Stock Exchange or the Company in accordance with the principle that essence is more important than form.

Article 15 A legal person, other organization or a natural person shall be deemed as a related person of the Company if:

- (1) the person meets one of the above requirements in Article 12 or Article 14 after an agreement entered into or an arrangement made by the Company or its related person(s) comes into force or within the next twelve months;
- (2) the person once met the requirements in Article 12 or Article 14 within the past twelve months;

Section Three Notification of Related Persons Required by the Shanghai Stock Exchange

Article 16 The directors, supervisors, senior management, shareholders with more than 5% shares, actual controllers and persons acting in concert with them shall promptly notify the Company of the related relationship with the Company.

Article 17 The Audit Committee of the Company shall confirm the name list of the related persons of the Company and promptly report to the Board and Supervisory Committee.

Article 18 The Board Office of the Company shall promptly fill in online or update the name list of the related persons of the Company and the information on related relationship through “Listed Company Platform” on the website of the Shanghai Stock Exchange.

Article 19 Information of related natural persons required to be reported by the Company include:

- (1) name and ID number;

- (2) description of the related relationship with the Company etc.

Information of related legal persons required to be reported by the Company include:

- (1) name and the organization code (if any) of the legal person;
- (2) description of the related relationship with the Company etc.

Article 20 The Company shall disclose the related relationship between the related persons and the Company on a run-off basis, stating:

- (1) full name and organization code (if any) of the controllers or stakeholders;
- (2) full name and organization code (if any) of the controlled parties or the invested parties;
- (3) the percentage of the total share capital of the controlled parties or invested parties held by the controllers or investors, etc.

Chapter Three Management of Related Party Transactions

Section One Management of Disclosed Continuing Related Party Transactions

Article 21 A disclosed continuing related party transaction refer to the continuing related party transaction, having fulfilled the appropriate announcement and/or independent shareholders' (non related shareholders') approval procedures and exempted by The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"), which is disclosed in the prospectus for public issuance of H shares, announcement or circular of the Company to trade within the expected annual cap under the exemption.

Article 22 The focus of management and control of disclosed continuing related party transactions is to control the transaction amount to be within the expected annual cap under the exemption.

Article 23 Management process of disclosed continuing related party transactions:

- (1) The Company's accounting department is responsible to provide statistical reports on disclosed continuing related party transactions to the accounting department of its subsidiaries, explain the applicable scope of various continuing related party transactions, propose reporting requirements, and is responsible for coordinating and monitoring its subsidiaries in complying with the annual amount of related party transactions;
- (2) The accounting departments of the subsidiaries are responsible to take count of the amount of continuing related party transactions actually occurred, and shall submit the monthly financial statements together with the statements of related party transactions in hard copies (signed and sealed) and electronic documents (report a zero amount if there is no transaction) to the Company's accounting department;

- (3) The Company's accounting department is responsible for verifying and aggregating the amount of continuing related party transactions of the subsidiaries and the Company's business departments, and submit the summary to the functional departments under the Board for analysis and forecasting;
- (4) When the statistical information indicates that certain related party transactions may exceed the expected annual cap, the functional departments of the Board of the Company shall propose a handling plan as soon as possible and forecast a new cap amount, and, if necessary, seek the opinion of the Hong Kong Stock Exchange and Shanghai Stock Exchange, and apply with the Hong Kong Stock Exchange and Shanghai Stock Exchange for the approval formalities regarding the expansion of the annual cap of related party transactions according to the relevant procedures and prepare the related announcement.

***Section Two Special Provisions on Daily Related Party Transactions under the
SSE Listing Rules***

Article 24 The "Daily Related Party Transaction" referred to herein includes:

- (1) purchase of raw materials, fuel and power;
- (2) sale of products and merchandise;
- (3) provision or receipt of labour services;
- (4) entrusting or being entrusted to conduct sales activities;
- (5) making deposits at or taking loans from a finance company of a related party;
- (6) making an investment jointly with a related party.

Article 25 Where the Company and a related person enter into daily related party transactions as specified in the preceding article, such related party transactions shall be subject to the disclosure and review procedures in accordance with the following requirements:

- (1) If any agreement of daily related party transaction, considered and approved by the general meeting or the Board and is being executed, undergoes no significant changes to their major terms in the course of execution, the Company shall disclose the actual performance of each agreement in its annual report and interim report as required by relevant requirements, and shall state whether the provisions of such agreement are complied with. In the event of any substantial changes to the major terms of such agreement during the course of execution or where such agreement shall be renewed upon expiration, the Company shall, with reference to the aggregate transaction amount involved in such agreement, submit the newly amended or renewed agreement of the daily related party transactions to the Board or the general

meeting for consideration. Where no specific aggregate transaction amount is provided in the agreement, the transaction shall be submitted to the general meeting for consideration;

- (2) For any new daily related party transactions, the Company shall enter into written agreement with related person and make prompt disclosure. Such transaction shall, with reference to the aggregate transaction amount involved in the agreement, be submitted to the Board or the general meeting for consideration. Where no specific aggregate transaction amount is provided in the agreement, the transaction shall be submitted to the general meeting for consideration; such agreement, after being considered, approved and disclosed, shall, based on the daily related party transactions contemplated there under, be handled according to the provisions mentioned in the preceding item;
- (3) Since there are lots of new daily related party transactions every year, it is necessary to enter into new agreements for daily related party transactions frequently, thereby making it difficult to submit every agreement to the Board or the general meeting for consideration in accordance with the provisions of the preceding item. In such case, the Company may, based on the type of transactions, make reasonable estimation of the aggregate amount of such daily related party transactions to be entered into in the current year prior to the disclosure of the annual report for the preceding year, and submit the transactions to the Board or the general meeting for consideration based on the estimated results, and then make corresponding disclosures. For daily related party transactions falling in the range of estimation, the Company shall make disclosure by category and aggregate respectively in its annual report and interim report. If the actual amount of the transaction exceeds the estimated aggregate amount, the Company shall resubmit the transaction to the Board or the general meeting for consideration with reference to the excessive amount, and then make corresponding disclosures.

Article 26 The daily related party transaction agreement entered between the Company and the related person with term over three years, shall re-perform the relevant review procedures and disclosure obligation according to the requirements of this section every three years.

Article 27 Agreement of daily related party transactions shall include:

- (1) pricing policy and basis;
- (2) transaction price;
- (3) method to determine the range of total transaction amount or the total transaction amount;
- (4) time and method of payment;

- (5) comparison with the actual transaction amount of daily related party transactions of the same category for the past three years;
- (6) other major terms that shall be disclosed.

Article 28 In addition to being in compliance with the requirements of this section, the related party transactions of the Company shall also be in compliance with relevant provisions on the disclosure and approval of related party transactions under the Hong Kong Listing Rules. Should there be any difference in the provisions on the disclosure and approval of related party transactions between the SSE Listing Rules and the Hong Kong Listing Rules, the stricter one shall prevail.

Section Three Management of New Related Party Transactions

Article 29 The focus of management of new related party transactions is to ensure the compliance with the Listing Rules and the internal approval and disclosure procedures regarding the related party transactions of the Company before conducting the related party transactions. The actual implementation shall be in accordance with the Information Disclosure Management System.

Prior to conducting related party transactions, the subsidiaries shall notify the Company in written to the practicable extent. The Company shall perform internal approval and disclosure procedures as required by the Listing Rules based on the transaction amount of the proposed related party transactions, and notify the subsidiaries to proceed the related party transactions.

The Company shall also perform internal procedures as required by the Listing Rules based on the transaction amount of the related party transaction before conducting any related party transactions.

Article 30 The management process of new related party transaction is as follows:

- (1) The functional department of the Board shall be responsible to give clear notice to the directors, departments of the Company and departments and relevant personnel responsible for the related party transactions of the subsidiaries regarding the definition of related party transactions and the list of related parties, and shall update the definition of related party transactions, the list of related parties and disclosure requirement in response to the change in the Listing Rules at any time;
- (2) For new continuing related party transactions, the finance department shall be responsible for aggregating the total transaction amount of related party transactions of the Company and its subsidiaries to set the annual cap for new continuing related party transactions, and shall submit the information to the functional department of the Board in a timely manner;
- (3) Before entering into new contracts or executing new transactions, the relevant departments or subsidiaries shall determine whether such deals are related party transactions. If yes, the relevant department or subsidiary shall submit a written

report to the functional department of the Board of the Company at least 14 days before the execution of related party agreement, and the Company shall perform relevant approval and disclosure procedures. If the relevant department or subsidiary is not able to determine, it may submit the relevant information of such transaction to the functional department of the Board of the Company for review and determination. If, reviewed by the Company, such transaction is not related party transaction, the functional department of the Board shall notify the relevant department or subsidiary in written. If such transaction is related party transaction, the functional department of the Board shall confirm the approval and disclosure procedures required to be performed in accordance with relevant requirements and notify relevant department or subsidiary, and relevant department or subsidiary shall coordinate with the functional department of the Board in performing the internal approval and disclosure procedures of related party transaction as required by the Listing Rules. The Company and its subsidiaries shall not conduct such related party transaction or execute such agreement prior to performing the internal approval and external disclosure procedures in accordance with relevant requirements.

- (4) For new related party transactions subject to the performance of internal approval and external disclosure procedures, the secretary to the Board and the functional department of the Board shall propose to the Company to convene the Board meeting, the meeting of the Supervisor Committee and the shareholders' general meeting (if necessary) for written resolutions, and shall be responsible for external disclosure such as domestic and overseas announcements.

Section Four Special Provisions on Purchasing Related Person's Assets at Premium under SSE Listing Rules and the Implementation Guidelines

Article 31 In case of a substantial related party transaction in which the Company is to purchase related persons' assets at a price that exceeds 100% of their book value, the Company shall, apart from disclosing the reasons for such premium, provide internet voting or other convenient means of voting for shareholders to attend general meeting, and comply with the provisions hereof.

Article 32 The Company shall provide profit forecast report for the assets it proposes to purchase. Such report shall be reviewed by such accounting firm that is qualified for conducting securities and futures related businesses.

If the Company fails to provide the profit forecast report, it shall explain the reasons and make risk warning in the relevant announcement of the related party transaction, and make detailed analyses on the impact of that related party transaction on the Company's ability to operate as a going concern and its future development as well.

Article 33 In case of a related party transaction in which the Company appraises the assets to be purchased by those valuation methods which are based on future earnings forecast (such as discounted cash flow method or hypothetical development method) and adopts the same as its pricing basis, the Company shall disclose the difference between the actual and

estimated profits of the assets involved in its annual reports for three consecutive years after completion of such related party transaction, and have an accounting firm issue specific review opinions for such case.

The Company shall enter into an explicit and practicable compensation agreement with related persons in the case that the actual profit of the assets involved falls short of the estimated profit.

Article 34 In case of a related party transaction in which the Company appraises the assets to be purchased by discounted cash flow method or hypothetical development method and adopts the same as its pricing basis, the Company shall disclose the relevant data of appraisals which are used for more than two appraisal methods, including the methods aforesaid. The independent directors shall comment on independence of the valuation institutions, reasonableness of the assumptions used in the appraisal and fairness of the appraised price, etc.

Article 35 The Company's audit committee shall advise on the related party transactions aforesaid as to the followings:

- (1) the grounds and factors considered for the opinions given;
- (2) whether the transaction is priced on a fair and reasonable basis and is in the interests of the Company and its shareholders as a whole;
- (3) proposals made to non-related directors and non-related shareholders for or against the related party transaction.

Before making a judgment, the audit committee may appoint independent financial advisers to issue a report that may serve as the basis of its judgment.

Chapter Four Disclosure and Decision-Making Procedures of Related Party Transactions

Article 36 The Company shall perform relevant disclosure procedures of related party transactions in accordance with the provisions of the Listing Rules and the Information Disclosure Management System of the Company. The Company shall perform the decision-making procedures of related party transactions in accordance with the provisions related to related party transactions such as domestic and overseas laws, regulations, regulatory documents, the Listing Rules (as amended from time to time), the Implementation Guidelines, the Articles of Association, the Procedural Rules of the General Meetings, the Procedural Rules of the Board Meetings and other internal governance systems of the Company.

Article 37 Approval Authority of Related Party Transactions

- (1) For related party transactions proposed to be conducted between the Company and related natural persons, the approval procedures shall be performed based on the following criteria of transaction amount:
 1. Related party transactions (other than the provision of guarantees by the Company) proposed to be conducted between the Company and related natural persons with transaction amount of less than RMB 1 million shall be reviewed and approved by the general manager of the Company and filed with the Board of the Company;
 2. Related party transactions (other than the provision of guarantees by the Company) proposed to be conducted between the Company and related natural persons with transaction amount ranging from RMB 1 million to RMB 3 million shall be reviewed and approved by the Board of the Company and shall be disclosed in a timely manner.
 3. For related party transactions (other than the provision of guarantees by the Company) proposed to be conducted between the Company and related natural persons with transaction amount of more than RMB 3 million, in addition to the review by the Board of the Company and timely disclosure, the Company shall engage an intermediary qualified for carrying out securities and futures-related business to conduct an audit or appraisal on the subject matter of the transaction, and submit the transaction to a shareholders' general meeting for consideration. The subject matter of a transaction involved in a related transaction conducted between the Company and a related person under Section Two of Chapter Three hereof in relation to daily operation may be exempt from the audit or appraisal.
- (2) For related party transactions proposed to be conducted between the Company and related legal persons, the approval procedures shall be performed based on the following criteria of transaction amount:
 1. Related party transactions (other than the provision of guarantees by the Company) proposed to be conducted between the Company and related legal persons with transaction amount of less than RMB 10 million or accounting for less than 0.5% of the absolute value of the latest audited net assets of the Company (the higher amount shall apply) shall be reviewed and approved by the general manager of the Company and filed with the Board of the Company;
 2. Related party transactions (other than the provision of guarantees by the Company) proposed to be conducted between the Company and related legal persons with transaction amount of more than RMB 10 million or accounting for more than 0.5% of the absolute value of the latest audited net assets of the Company shall be reviewed and approved and timely disclosed by the Board of the Company.

3. For related party transactions (other than the provision of guarantees and receipt of cash assets donations by the Company) proposed to be conducted between the Company and related legal persons with transaction amount of more than RMB 30 million or accounting for more than 5% of the absolute value of the latest audited net assets of the Company, the Company shall, in addition to prompt disclosure, engage an intermediary qualified for carrying out securities and futures-related business to conduct an audit or appraisal on the subject matter of the transaction, and submit the transaction to a shareholders' general meeting for consideration. The subject matter of a transaction involved in a related transaction conducted between the Company and a related person under Section Two of Chapter Three hereof in relation to daily operation may be exempt from the audit or appraisal.

Article 38 The provision of guarantees by the Company for related persons shall be reviewed and approved by a shareholders' general meeting of the Company.

Article 39 The transaction amounts of the following transactions under the SSE Listing Rules shall be recognized in the following manners:

- (1) if the Company and a related person jointly make capital contribution to the establishment of a company, the Company's capital contribution amount shall be taken as the transaction amount;
- (2) if the Company intends to waive the right of capital increase proportionate to its equity interest and pre-emptive rights in a joint venture set up by the Company and its related person, the amount equivalent to the right of capital increase or pre-emptive rights that the Company intends to waive shall be taken as the transaction amount;
- (3) if there are any changes in the scope of consolidated statements due to the Company's waiver of the right of capital increase or pre-emptive rights, the latest closing total net assets of the Company corresponding to its proposed waiver of right of capital increase or pre-emptive right shall be taken as the transaction amount;
- (4) if a related party transaction involves the "provision of financial assistance" or "entrusting of asset management" by the Company, the amount transacted shall be taken as the transaction amount.

Article 40 If the Company carries out the following related party transactions under the SSE Listing Rules, the calculation of the transaction amount shall be based on the cumulative value of the transactions occurred within the consecutive 12 months:

- (1) transaction with the same related person;
- (2) transaction with different related persons involving the same transaction subject.

The above-mentioned same related person includes the legal persons or other entities that are under the direct or indirect control of the same legal person, other entities or natural person as such related person; or controlled by or controlling such related person; or of which the same related natural person acts as a director or senior management. If the amount based on the cumulative principle has been approved in accordance with the rules of procedure for shareholders' general meeting, such amount shall no longer be included in the cumulative calculation.

Article 41 Where the Company proposes to consider a material related party transaction under SSE Listing Rules, the transaction shall be submitted to the Board for consideration with the prior approval of the independent directors. Before making a judgment, the independent directors may appoint independent financial advisers to issue a report that may serve as the basis of its judgment.

The audit committee of the Company shall at the same time review the matters concerned in the related party transactions, form written opinions, submit it to the Board for consideration and then report to the supervisory committee. The audit committee may appoint independent financial advisers to issue a report that may serve as the basis of its judgment.

Article 42 When a related party transaction is considered by the Board of the Company, the related directors shall abstain from voting and shall not exercise voting rights on behalf of other directors. The board meeting can be validly convened in case that the same is attended with more than half of the non-related directors. Unless otherwise required by applicable laws, regulations and regulatory documents, resolutions of the board meeting require approval from more than half of the non-related directors, and shall come into effect upon signature of independent (non-executive) directors. Where a board meeting is convened with less than three non-related directors attended, the related party transactions shall be submitted to general meeting for consideration.

Related directors as referred to in the preceding paragraph shall contain the following director or a director involved in any of the following circumstances:

- (1) being the counterparty of a transaction;
- (2) being the direct or indirect controller of the counterparty of a transaction (with "control" referring to the direct or indirect control of 30% or more voting rights);
- (3) being employed by the counterparty of a transaction, by a legal person or other organization which can directly or indirectly control the counterparty, or by a legal person or other organization which is under direct or indirect control of the counterparty;
- (4) being a close family member of the counterparty of a transaction or such counterparty's direct or indirect controllers (including but not limited to person referred to in Rule 14A.11(4) of the Hong Kong Listing Rules and in item (4) under Article 14 herein);

- (5) being a close family member of the directors, supervisors or senior management officers of the counterparty of a transaction or such counterparty's direct or indirect controllers;
- (6) being a director whose independent business judgment may, as determined by the domestic and overseas regulatory authorities, the Hong Kong Stock Exchange, Shanghai Stock Exchange or the Company out of other reasons, be effected.

Article 43 When a related party transaction is considered at general meeting, the related shareholders shall abstain from voting. The voting shares held by them shall not be counted in the total number of shares validly voted.

Related shareholder as referred to in the preceding paragraph shall contain the following shareholder or a shareholder involved in any of the following circumstances:

- (1) being the counterparty of a transaction;
- (2) being the direct or indirect controller of the counterparty of a transaction;
- (3) under direct or indirect control of the counterparty of a transaction;
- (4) under common control of the same legal person or natural person as the counterparty of a transaction, whether directly or indirectly;
- (5) being a shareholder whose voting right is restricted or affected due to any outstanding equity transfer agreements or other agreements between such shareholder and the counterparty of a transaction or such counterparty's related persons;
- (6) being a shareholder who may, as considered by the domestic and overseas regulatory authorities, the Hong Kong Stock Exchange and Shanghai Stock Exchange, receive preferential benefits from the Company.

Article 44 The supervisory committee of the Company shall conduct supervision on related party transactions in aspects of consideration, voting, disclosure and implementation, and then express its opinions in annual reports.

Chapter Five Disclosure of Related Party Transactions under the SSE Listing Rules and the Implementation Guidelines

Article 45 If the Company carries out related party transactions referred to in Chapter Four herein with related persons, it shall be disclosed by way of temporary report.

Article 46 Announcement on related party transactions as disclosed by the Company shall include the following contents:

- (1) brief introduction of the related party transactions;
- (2) introduction of the related persons;

- (3) basic information on the transaction subject;
- (4) major content and pricing policy of the related party transaction;
- (5) purpose of the related party transaction and effect on the Company;
- (6) preliminary approval and independent opinions from the independent directors;
- (7) opinions from the independent financial advisers (where applicable);
- (8) opinions from the audit committee (where applicable);
- (9) historical related party transactions;
- (10) undertaking from the controlling shareholders (if any).

Article 47 The Company shall disclose the material related party transactions occurred during the reporting period in its annual reports and interim reports as significant matters, and make separate disclosure based on different types of transactions in accordance with the requirements in Articles 48 to 51.

Article 48 The disclosure of the routine related party transactions of the Company shall include:

- (1) related counterparty to the transaction;
- (2) transaction content;
- (3) pricing policy;
- (4) transaction price; where the market price for the same type transaction may be obtained, the market reference price shall be disclosed; where there is a relatively significant difference between the actual transaction price and the market reference price, the reasons shall be stated;
- (5) the transaction amount, proportion in the same type of transaction amount, and form of settlement;
- (6) details on return of sold goods in large quantities (if any);
- (7) necessity, continuity and reasons for selecting the related persons for conducting the transaction (other than other transaction parties in the market) for the related party transaction, effect of the related party transaction on the independence of the Company, reliance of the Company on the related person and relevant solutions and measures (if any);

- (8) where the total amount of a routine related party transaction for the year is to be estimated by category, the actual implementation circumstance of the routine related party transaction within the reporting period shall be disclosed (if any).

Article 49 The disclosure of the significant related party transactions relating to the assets acquisition and disposal of the Company shall include:

- (1) related counterparty to the transaction;
- (2) transaction content;
- (3) pricing policy;
- (4) the book value and appraised value of the assets, fair market value and transaction price; where there is a relatively significant difference among the transaction price and the book value or appraised value and the fair market value, the reasons shall be stated;
- (5) the settlement method and effect of the transaction on the operation results and financial position of the Company.

Article 50 The disclosure of the related party transactions relating to joint external investments with the related person of the Company shall include:

- (1) common investors;
- (2) name, principal business scope, registered capital, total assets, net assets and net profits of the invested entity;
- (3) development of the significant projects in progress (if any).

Article 51 Where there are creditor's rights, debts and guaranteed matters between the Company and related person, the reasons for formation and effect on the Company shall be disclosed.

Chapter Six Exemptions from Disclosure and Decision-Making Procedures of Related Party Transactions under the SSE Listing Rules and the Implementation Guidelines

Article 52 Approval and disclosure requirements may be exempted for the following transactions entered into between the Company and its related person according to the methods under the SSE Listing Rules and the Implementation Guidelines:

- (1) either party subscribes for the shares, company bonds or corporate bonds, convertible company bonds or other types of derivatives of another party in cash;

- (2) either party, as a member of the underwriters, underwrites the publicly issued shares, company bonds or corporate bonds, convertible company bonds or other types of derivatives issued by another party;
- (3) either party receives dividend, bonus or reward in accordance with the resolutions passed at the general meeting of another party.

Article 53 The Company may apply to Shanghai Stock Exchange for exemption from review and disclosure of the following transactions in way of related party transactions:

- (1) the related party transaction is a result of either party participating in open bids or open auctions, etc with no specific targets;
- (2) the price for the routine related party transaction is mandated by the state.

Article 54 In the case that the Company and related party persons jointly contribute to establish a company that meets the standards for a substantial related party transaction and all founders of such company contribute in cash and the percentages of their capital contributions determine their shareholding percentages in such company, the Company may apply to Shanghai Stock Exchange for exempting the company so founded from review by the shareholders' meeting.

Article 55 In the case that a related person provides the Company with financial assistance at an interest rate no more than the then benchmark lending rate announced by the People's Bank of China and in a way that is free of any pledge or security provided by the Company, the Company may apply to Shanghai Stock Exchange for exempting such financial assistance from review and disclosure in way of related party transactions.

In the case that a related person provides the Company with guarantee but the Company provides no counter guarantee, the preceding paragraph shall apply.

Article 56 In the case that a natural person concurrently serves as an independent director of the Company and other legal persons or organizations in the absence of any other circumstances constituting related person relations, if such other legal persons or organizations enter into a transaction with the Company, the Company may apply to Shanghai Stock Exchange for exempting such transaction from review and disclosure in way of related party transactions.

Article 57 In the case that a related party transaction to be disclosed by the Company belongs to state secret, trade secret or other circumstances recognized by Shanghai Stock Exchange and the Company's disclosure thereof or performance of obligations relating thereto in accordance with the Implementation Guidelines may result in violation of relevant confidentiality laws, regulations, regulatory documents of the state or great harm to the Company's interest, the Company may apply to Shanghai Stock Exchange for exemption of such disclosure or performance of relevant obligations in accordance with the Implementation Guidelines.

Chapter Seven Pricing of Related Party Transactions

Article 58 The Company shall sign an agreement in writing to define the pricing policies of the related party transaction when entering into the related party transaction. During the course of conducting a related party transaction, where there is any material change to the major terms of the agreement such as the transaction price, the Company shall re-comply with the approval procedure with reference to the amended transaction amount.

Article 59 The pricing of a related party transaction of the Company shall be fair and conducted by reference to the following principles:

- (1) if a government-set price is applicable to the subject matter of the transaction, such price may be adopted directly;
- (2) if a government guidance price is applicable to the subject matter of the transaction, the price for the transaction may be set reasonably within the range of the government guidance price;
- (3) if in addition to the government-set price or government guidance price, there is an independent third-party market price or charging rate that is comparable, such price or rate may be used as priority reference for the pricing of the transaction;
- (4) if there is no comparable independent third-party market price applicable to the subject matter of the related party transaction, the price at which the related person enters into a non-related transaction with a third party independent of the related person may be used as reference for the pricing of the transaction;
- (5) if no independent third-party market price or price for independent non-related transaction is available for reference, a composition price may be set on the basis of a reasonable price, which is made up of a reasonable cost plus a reasonable profit.

Article 60 When setting the price for a related party transaction based on item (3), (4) or (5) of the preceding article, the Company may use one of the following pricing methods, depending on the nature of the related party transaction:

- (1) cost-plus method, which prices a related party transaction at the reasonable cost of the transaction plus the gross profit of a comparable non-related party transaction, and which is applicable to procurement, sale, transfer and use of tangible assets, provision of services, financing and other related party transaction;
- (2) resale price method where the fair price at which the related person purchases goods is the price at which it resells the goods to a non-related person less the gross profit of a comparable non-related party transaction. This method applies to the simple processing of goods by the reseller other than any substantial value-added processing that changes the look, property, structure or trademark of the goods, or the outright purchase and sale of the same;

- (3) comparable uncontrolled price method, which prices a related party transaction at the level for a business activity between non-related persons the same as or similar with the related party transaction in question. This method applies to all the types of related party transaction;
- (4) transactional net margin method, which determines the net margin of a related party transaction using the margin of a comparable non-related party transaction. This method is applicable to procurement, sale, transfer and use of tangible assets, provision of services, and other related party transactions;
- (5) profit split method, which calculates attributable profits of the Company and its related persons based on their respective contribution to the consolidated profit in connection with the related party transaction. This method is applied where a related party transaction is highly integrated and where the results of the transaction are difficult to be assessed separately for each party to the transaction.

Article 61 Where the Company fails to determine the price of the related party transaction based on the above methods, the principles and methods for determining the price of the related party transaction shall be disclosed and the fairness of such proving shall be stated.

Chapter Eight Communication with Domestic and Overseas Regulatory Authorities, the Hong Kong Stock Exchange and the Shanghai Stock Exchange

Article 62 The functional department of the Board shall be responsible for the Company's regular communication with domestic and overseas regulatory authorities, the Hong Kong Stock Exchange and the Shanghai Stock Exchange regarding related party transactions. The functional department of the Board may seek help from relevant departments such as finance department, legal department and audit and regulatory department for the communication with domestic and overseas regulatory authorities, the Hong Kong Stock Exchange and the Shanghai Stock Exchange regarding related party transactions

Article 63 The letters, fax or emails received from the Hong Kong Stock Exchange and Shanghai Stock Exchange regarding the related party transactions shall be reviewed by the functional department of the Board and relevant departments or subsidiaries, and reply letters shall be drafted within a reasonable period.

After reviewed and approved by the secretary to and chairman of the Board, the reply letters shall be submitted to the domestic and overseas regulatory authorities, the Hong Kong Stock Exchange and the Shanghai Stock Exchange in a timely manner.

Chapter Nine Inspection and Accountability System of Related Party Transactions

Article 64 The Company shall conduct an annual systemic self-assessment on the management procedures of related party transactions to identify existing defects in management and control and implement relevant measures to improve and optimize the management and control in a timely manner.

Article 65 The functional department of the Company, together with the finance department, audit and regulatory department and legal department, shall inspect the management of related party transactions of the subsidiaries from time to time, in order to continuously improve the management of related party transactions of the subsidiaries. The inspection mainly includes: whether the monthly statistics and annual forecasts of related party transactions are submitted in a timely manner in accordance with the required format; whether the proposed related party transactions are reported in a timely manner; whether such subsidiaries know the existing range of continuing related party transactions; whether the transactions are conducted in accordance with the pricing principles and other terms set out in the related party transaction agreements entered by the Company or its subsidiaries; whether regular training on related party transactions is provided to the management personnel of related party transactions and conducting random check on the management personnel of related party transactions regarding the correct identification of related persons; other matters related to the compliance with the rules and regulations of the Company on the management of related party transactions.

Article 66 For disclosed continuing transactions the transaction amount of which may exceed the expected annual cap and new related party transactions, after being notified thereof, the functional department of the Board must notify the independent (non-executive) Directors of the Company and invite them to attend relevant Board meeting and vote in this regard. The Board of the Company must give strict consideration on the opinion given by the independent (non-executive) Directors regarding the related party transactions.

Article 67 The Company must provide information and documents of disclosed continuing related party transactions to external auditors and independent (non-executive) Directors in order to assist and coordinate with external auditors and independent (non-executive) Directors in their respective review of related party transactions under the Listing Rules.

Article 68 In the event that punishment is imposed on the Company by regulatory authorities in respect of the incompliance or failure of timely disclosure of the related party transactions due to dereliction of duty or breach of provisions of the Rules, which cause material and adverse effect or loss to the Company, the Company may give criticism and warning to the responsible person or even dismiss such person, and may make a reasonable claim for economic loss. If other punishment is imposed by the securities regulatory authorities, the punishment imposed by the Company shall not be exempted, and shall be filed with the regulatory authorities in accordance with relevant requirements.

Chapter Ten Supplementary Provisions

Article 69 In case of any inconsistencies between the Rules and the relevant laws, regulations, regulatory documents and the Articles of Association or issues not covered in the Rules, the relevant laws, regulations, regulatory documents or the Articles of Association shall prevail.

Article 70 Any matters not specified in the Rules should be implemented in accordance with relevant laws, regulations, regulatory documents and the Articles of Association. Should any of the Rules be found in conflict with relevant laws or regulations or regulatory documents issued later or in conflict with the legally amended Articles of Association, the relevant laws, regulations or regulatory documents and the Articles of Association shall prevail, and the Company should amend the Rules in a timely manner and submit to the shareholders' general meeting for approval.

Article 71 The Rules shall take effect and be implemented on the date when they are considered and passed at the shareholders' general meeting and the Company's shares are listed on the Shanghai Stock Exchange.

Article 72 The Rules shall be subject to the interpretation of the board of directors of the Company.

Zhejiang Tengy Environmental Technology Co., Ltd

2 March 2017

Appendix I: Definition of Associates

- I. An associate of any person (related party) may refer to:
- (1) his spouse (including his domestic partner as spouse)
 - (2) any of his or his spouse's children (natural or adopted) or step-children under the age of 18;
 - (3) any company in the equity capital of which he and the persons referred to in item (1) and (2) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of such company and any subsidiary of such company;
 - (4) any person cohabiting as his spouse, and any of his child, step-child (irrespective of age), parent, step-parent, brother, sister, step-brother and step-sister;
 - (5) any of his father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparent, grandchild, uncle, aunt, cousin, brother-in-law, sister-in-law, nephew and niece;
 - (6) a company in which the person referred to in item (4) to (5) above holds its majority interests, i.e. he can exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors of such company.
- II. An associate of any company (related party) may refer to:
- (1) its subsidiary or holding company or the subsidiary of its holding company (collectively referred to as "Related Party Group")
 - (2) any company in the equity capital of which it or any company of the Related Party Group taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of such company and any subsidiary of such company;

- III. If any person or entity has entered, or proposes to enter, into any agreement, arrangement, understanding or undertaking with the related parties, whether formal or informal and whether express or implied, with respect to the transaction, then for such transaction, in the opinion of the Exchange, such person or entity should be considered as a related party.

Note:

1. “Associates” shall follow the definition under the Hong Kong Listing Rules. The definition above only focuses on describing the common types of “associates” applicable to holding company, and does not include the person deemed to be “associates” due to trust arrangement. For transactions involved in any trust arrangement which may constitute related party transactions, please contact Hong Kong counsels for advice.
2. Pursuant to the Hong Kong Listing Rules, the Hong Kong Stock Exchange may aggregate the interests owned by the related parties and their relatives in a company to decide whether they jointly own the majority control of such company.

Appendix II: Definition of Certain Terms Used in the Rules under the SSE Listing Rules and Implementation Guidelines:

- I. “Close family members” include spouses, children aged 18 years and above and their spouses, parents and parents-in-law, siblings and their spouses, spouses’ siblings and the children’s parents-in-law.

“Related director” means a director who falls into any of the followings:

- (1) The counterparty of a transaction;
- (2) The direct or indirect controller of the counterparty;
- (3) A director holding a position at the counterparty, or holding a position in the legal person or other organization that directly or indirectly controls the counterparty or that is directly or indirectly controlled by the counterparty;
- (4) A close family member of the counterparty or a close family member of the direct or indirect controller of the counterparty;
- (5) A close family member of the counterparty or a close family member of the directors, supervisors or senior management under the direct or indirect control of the counterparty;
- (6) A director deemed by the CSRC, the Shanghai Stock Exchange or the Company to have conflicts of interest with the Company and may affect the independent business judgment of the director.

- II. The “related shareholder” means a shareholder who falls into any of the followings:
- (1) The counterparty;
 - (2) The direct or indirect controller of the counterparty;
 - (3) Directly or indirectly controlled by the counterparty;
 - (4) Directly or indirectly controlled by the same legal person or other organization or natural person with the counterparty;
 - (5) A shareholder whose voting rights are restricted or affected due to an equity transfer agreement with the counterparty or its related party that has not been completely performed or other agreements;
 - (6) A shareholder deemed by the CSRC or the Shanghai Stock Exchange to likely cause an imbalance of the Company’s interests toward himself.

**Zhejiang Tengy Environmental Technology Co., Ltd
Rules on the Management of Proceeds of Fund Raising**

March 2017

CHAPTER 1 General Provisions

Article 1 In order to regulate the management and use of the proceeds raised by Zhejiang Tengy Environmental Technology Co., Ltd (hereinafter referred to as the “Company”), enhance the efficiency of the proceeds and company’s performance, and to ensure the protection of the interest of shareholders and the safety of proceeds, the Measures are formulated based on the actual situation of the Company and in accordance with the provisions under relevant laws, regulations and regulatory documents, including the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, Measures for the Administration of Initial Public Offering and Listing of Stocks, Listed Companies Regulatory Guidelines No.2 — Regulatory Requirements on the Management and Use of Proceeds of Listed Companies, the Rules Governing the Listing of Stock on Shanghai Stock Exchange (2014 Revision), Administrative Measures on the Usage of Proceeds of Listed Companies of the Shanghai Stock Exchange (2013 Revision) and the Articles of Association of Zhejiang Tengy Environmental Technology Co., Ltd (hereinafter referred to as the “Articles of Association”).

Article 2 The proceeds referred to herein are funds raised by the Company from investors through public offering of securities (including initial public offering of shares, rights issue, placement and issue of convertible corporate bonds, convertible corporate bonds cum warrants, and issue of warrants) and private placing of shares for special purposes, but not including the funds raised for the implementation of equity incentive plan by the Company.

Article 3 The Company shall establish and improve the internal control system on the deposit, use, change, supervision and accountability of proceeds, and shall expressly stipulate the approval authority at different levels, decision-making procedures, risk control measures and information disclosure of use of proceeds.

Article 4 Directors, supervisors and senior management persons shall diligently and dully urge the Company to use proceeds correctly, voluntarily protect the proceeds safety of the Company, and shall not participate, assist or connive the Company to make unauthorized change, or change in disguised form, the use of proceeds.

Article 5 The Controlling Shareholders, actual controllers of the Company shall not, directly or indirectly, occupy or embezzle proceeds of the Company, and shall not obtain improper interest through proceeds and proceeds-financed investment projects.

Article 6 The provisions of the Administrative Measure are applicable to proceeds-financed investment projects implemented through the Company’s subsidiaries or other entities controlled by the Company. The Company shall ensure such subsidiaries or such other entities controlled by it to comply with the Administrative Measures.

CHAPTER 2 Deposit of Proceeds in Special Account

Article 7 The Company shall select commercial bank(s) with good credit standing and services as well as convenient access for the opening of special account(s) (hereinafter referred to as the “Special Account(s)”) for proceeds raised. The opening of Special Account(s) by the Company is subject to the approval of the Board of the Company. The Special Account(s) shall not be used for the deposit of funds other than the proceeds or for other purposes. Funds for the same investment project shall deposit in the same Special Account. The number of the Special Account(s) (including the Special Account(s) of the Company’s subsidiaries or other entities controlled by the Company) shall not exceed the number of proceeds-financed investment projects. Upon the receipt of the proceeds, the Company shall timely arrange for verification by an accounting firm qualified to deal in securities and such accounting firm shall submit a verification report.

If the Company has undertaken two or more fund raising activities, it shall establish separate Special Account(s) for the proceeds.

Article 8 A tripartite regulatory agreement (hereinafter referred to as the “Agreement”) shall be signed between the Company, the sponsor and the commercial bank(s) in which the proceeds are deposited (hereinafter referred to as the “Commercial Bank(s)”) within one month upon receipt of the proceeds. The Agreement shall include at least the following elements:

- (1) All proceeds shall be deposited by the Company into the Special Account(s);
- (2) Account number(s), the investment projects financed by proceeds related to the Special Account(s), the deposit amount and period;
- (3) In the event that the Company draws from such Special Account(s) an aggregate of more than RMB50 million or 20% of the total proceeds in one time or in any consecutive 12 months, the Company and the Commercial Bank(s) shall notify the sponsor in time;
- (4) The Commercial Bank(s) shall issue a reconciliation statement to the Company on a monthly basis, with a copy to the sponsor;
- (5) The sponsor may at any time inquire information on the Special Account(s) from the Commercial Bank(s);
- (6) The sponsor’s supervision duties, the Commercial Banks’ informing and cooperating duties, and the means adopted by the sponsor and the Commercial Bank(s) to supervise the Company’s use of proceeds;
- (7) Rights, obligations and liability for breach of contract faced by the Company, Commercial Bank and sponsor.

Upon signing of the above Agreement, the Company shall, within two trading days, file with the Shanghai Stock Exchange and make an announcement.

In case of early termination of the above Agreement before expiry of validity due to the change of the sponsor or commercial bank(s) and other reasons, the Company shall sign a new agreement with the related parties within two weeks from the date of termination of the Agreement, and shall, within two trading days, file it with the Shanghai Stock Exchange and make an announcement.

Article 9 The Company shall actively urge the Commercial Bank(s) to fulfill the agreement(s). In case of the Commercial Bank's failure, for three times, to timely provide reconciliation statements or make notification to the sponsor on large lump sum drawing from the Special Account(s), and failure to meet the sponsor's request to inquire and investigate into information on the Special Account(s), the Company may terminate the Agreement and cancel such Special Account(s) in which the proceeds are placed. The above contents shall be included in the aforementioned agreement(s).

CHAPTER 3 Use of Proceeds

Article 10 The Company shall use the proceeds in accordance with the proceeds investment plan as committed in the application document for issuance. In situations which seriously affect normal operation of the proceeds investment plan, the Company shall promptly report to the Shanghai Stock Exchange and make an announcement thereon.

Article 11 The proceeds of the Company shall be used for its principle businesses in principle. The investment projects financed by the proceeds shall not be used for financial investment purposes such as holding trading financial assets and available-for-sale financial assets, loans to others and entrusted financial management, etc., and shall not be invested directly or indirectly in companies mainly engaged in trading of marketable securities.

Article 12 The proceeds shall not be used by the Company in pledge, entrusted loans or such other investments which in a way alter the use of proceeds. The use of proceeds by the Company shall strictly follow the application and approval procedures. A system of countersignature by Chairman of the Board, general manager, financial director and secretary of the Board is adopted for the use of proceeds. Each expense of proceeds involved requires the user department to issue a report of use of proceeds, and shall be signed by manager of the user department, reviewed by financial department, filed with the office of the Board and obtain the countersignature before its execution.

Article 13 The Company shall ensure the truthfulness and fairness of the use of proceeds to avoid use or misappropriation of proceeds by related parties, and shall take effective measures to prevent related parties from obtaining improper interests through investment projects financed by the proceeds.

Article 14 The Company shall perform comprehensive verification against the progress of investment projects financed by the proceeds every half year.

In case of a discrepancy of more than 30% between the actual annual amount of proceeds used under the investment projects financed by proceeds and the expected amount of proceeds for use for the year according to the previous proceeds investment plan disclosed, the Company shall adjust the proceeds investment plan and disclose in the special report regarding the annual deposit and use of proceeds the previous annual proceeds investment plan, current actual investment progress, expected investment plan by year after adjustment, and reasons for the changes in investment plan, etc.

Article 15 In case of the following circumstances, the Company shall restudy the feasibility of, and projected revenue from investment projects financed by the proceeds to decide whether to continue them or not, and disclose in the latest report the progress of projects, reasons for the abnormal situations and the investment plan after adjustment:

- (1) Significant changes occur in the market environment related to the investment projects financed by the proceeds;
- (2) Investment projects financed by the proceeds have been shelved for more than one year;
- (3) Projects have been delayed beyond the time of completion set in the previous proceeds investment plan with the invested amount out of proceeds amounting to less than 50% of the relevant amount as planned;
- (4) Other abnormal situations occur in the investment projects financed by the proceeds.

Article 16 In case the Company decides to terminate any original project financed by proceeds, new investment projects to be financed by the proceeds shall be selected prudently and scientifically as soon as possible.

In case the Company injects proceeds into a project set to be financed by proceeds to replace the self-raised funds invested in advance, the replacement shall be implemented subject to consideration and approval by the Board of the Company, provision of a verification report by a certified accountant, the expressed consent of the Independent Directors, the supervisory committee and the sponsor, and the performance of information disclosure obligations on the part of the Company. The time of replacement shall not be more than six months from receipt of the proceeds.

In case the Company has already disclosed its intention of replacing the self-raised funds invested in advance with the proceeds in the offering application documents and the amount invested in advance is certain, it shall make an announcement externally before the replacement.

Article 17 Change of the place and the way of implementation of an investment project financed by proceeds by the Company shall be considered and approved by the Board of the Company, and the Company shall, within two trading days, report to Shanghai Stock Exchange and make an announcement regarding the reason of such change as well as the opinion of the Sponsor.

Article 18 Where the Company proposes to change the operation of an investment project financed by proceeds to operation through joint venture, it shall prudently consider the necessity of a joint venture based on a thorough understanding of the basic information of the joint partners, and the Company shall be the controlling shareholder of the joint venture to ensure an effective control over the investment project financed by proceeds.

Article 19 The Company may temporarily use the idle proceeds to supplement liquidity under the following conditions:

- (1) Use of proceeds shall not be changed in disguised form;
- (2) Normal progress of the proceeds investment plan shall not be affected;
- (3) Duration for supplementing liquidity on an individual basis shall not exceed 12 months;
- (4) The proceeds previously used to temporarily supplement liquidity (if applicable) have been returned;
- (5) An explicit consent has been issued by the sponsor, Independent Directors and the supervisory committee.

The above matters shall be subject to the consideration and approval by the Board of the Company, and the Company shall report to the Shanghai Stock Exchange within two trading days and make an announcement.

The use of idle proceeds to supplement liquidity shall be limited to the use in production and operation related to the principal businesses, and shall not be used, directly or indirectly, for the placement or subscription of new shares, or the transactions of stocks and their derivatives, convertible bonds, etc.

Before the expiration date of supplementing liquidity, the Company shall return such part of proceeds to the Special Account(s), and report to the Shanghai Stock Exchange and make an announcement within two trading days after the proceeds being fully returned.

Article 20 As for the use of the idle proceeds by the Company to supplement liquidity, The Company shall disclose the following:

- (1) Basic information of the proceeds, including the fundraising time, the amount of proceeds, and the investment plan, etc.;
- (2) Use of the proceeds;
- (3) Amount and period in which idle proceeds are used to supplement liquidity;

- (4) Amount of financial expenses expected to be saved in the supplement of liquidity by idle proceeds, the reasons for the insufficiency of working capital, whether there is any act of changing the use of the proceeds and measures to ensure that the normal operation of projects financed by the proceeds is not affected;
- (5) Opinions expressed by Independent Directors, the supervisory committee and the sponsor;
- (6) Other information as required by the Shanghai Stock Exchange.

Article 21 The Company may use the temporarily idle proceeds for cash management purpose, and the invested products must meet the following conditions:

- (1) High safety, principal preservation, and the product issuer can make promise of preserving principal;
- (2) Good liquidity and will not affect the normal operation of the proceeds-financed investment plan.

The invested product may not be pledged, and the specific product settlement account (if applicable) may not include fund other than the proceeds or be used for other purpose. Where establishing or cancelling the specific product settlement account, the Company shall timely file to the Shanghai Stock Exchange and make an announcement.

Article 22 Investment in any investment products by the Company using the idle proceeds is subject to consideration and approval of the Board of the Company, and require the Independent Directors, the supervisory committee and the sponsor to make express affirmative opinion. The Company shall announce the following content within 2 trading days after the Board meeting:

- (1) The basic information of the proceeds, including the time for raising the proceeds, amount, net amount and investment plan etc;
- (2) The use of proceeds;
- (3) The amount and period of idle proceeds that is invested in any investment product, whether there is any act that changes the use of proceeds in disguise and whether there is any measure that ensures the normal operation of investment project financed by proceeds will not be affected;
- (4) The income distribution method, investment scope, and the level of safety of the investment products;
- (5) Opinion from the Independent Directors, the supervisory committee and the sponsor.

Article 23 In the event that the actual proceeds reach or exceed the expected amount of proceeds (hereinafter referred as the “Excess Fund”), the Company shall properly arrange the plan of using the Excess Fund based on the development plan and actual demand of production and operation of the Company, and timely disclose after the consideration and approval of the Board.

The Independent Directors and the sponsor shall express independent opinions on the reasonability and necessity of the plan of using the Excess Fund. The plan of using the Excess Fund shall also be filed with the general meeting of shareholders for consideration pursuant to the relevant provisions.

The Excess Fund shall be used for the principle businesses of the Company. The Excess Fund shall not be used for financial investment purposes such as holding trading financial assets and available-for-sale financial assets, loans to others and entrusted financial management (except cash management), etc., or conducting high-risk investment including security investment and derivatives investment, and shall not be invested directly or indirectly in companies mainly engaged in trading of marketable securities.

Article 24 Excess Fund may be used to permanently supplement liquidity and repay bank loans, and the aggregated amount for each 12 months may not exceed 30% of the total amount of Excess Fund. The Company shall undertake not to make high-risk investment or provide financial assistance to others within 12 months after supplementing liquidity. Where the Excess Fund is used to permanently supplement liquidity and repay bank loans, it shall be subject to the consideration and approval at general meetings of the Company. Online voting shall be available, and the Independent Directors, supervisory committee and sponsor shall express affirmative opinion and make disclosure. The Company shall announce the following content within 2 trading days after the Board meeting:

- (1) The basic information of the proceeds, including the time for raising the proceeds, proceeds amount, net proceeds, Excess Fund amount and investment plan etc.;
- (2) The use of proceeds;
- (3) The necessity of using Excess Fund to permanently supplement liquidity and repay bank loans and detail plans.
- (4) The undertaking that the Company will not to make high-risk investment or provide financial assistance to others within 12 months after supplementing liquidity.
- (5) The effect of using the Excess Fund to permanently supplement liquidity or repay bank loans to the Company;
- (6) Opinion from the Independent Directors, the supervisory committee and the sponsor.

CHAPTER 4 Change in Investment Project Financed by Proceeds

Article 25 The proceeds of the Company shall be used pursuant to the usage listed on the prospectus. In the event of change in investment project financed by proceeds, such change shall be made after the consideration and approval of the Board and the general meeting of shareholders, and with the express affirmative opinion of Independent Directors, the sponsor and the supervisory committee.

For change only involving the place of implementation of an investment project financed by proceeds, it can be exempted to fulfill the preceding procedure, but shall be considered and approved by the Board of the Company, and the Company shall, within two trading days, report to Shanghai Stock Exchange and make an announcement regarding the reason of such change as well as the opinion of the Sponsor.

Article 26 The Board of the Company shall prudently analyse the feasibility of the new investment project financed by the proceeds after the proposed change, ensure that the investment projects have promising market prospects and profitability, and can effectively avoid investment risks and enhance the efficiency of the utilisation of the proceeds. The Company's investment of proceeds after change shall be related to the Company's principle businesses.

Article 27 The occurrence of the following events in the Company is deemed to be a change in the investment of proceeds:

- (1) Cancellation of the original investment project financed by proceeds and implementation of new projects;
- (2) Change of the subject of implementation of an investment project financed by proceeds (except subject of implementation changed from the Company to the wholly-owned subsidiary or from wholly-owned subsidiary to the Company);
- (3) Change of the place of implementation of an investment project financed by proceeds;
- (4) Change of the way of implementation of an investment project financed by proceeds;
- (5) a discrepancy of more than 30% between the actual annual amount of investment and the expected amount of investment;
- (6) Other situations considered as changes in the investment of proceeds by the Shanghai Stock Exchange.

Article 28 Where the Company proposes to change the use of proceeds, it shall report to Shanghai Stock Exchange and announce the following content within two trading days after the consideration and approval by the Board of Directors:

- (I) Basic information of the original project and specific reasons for the change;

- (II) Basic information, feasibility analysis, economic benefits analysis and risk warning in relation to the new project;
- (III) Investment plans of the new project;
- (IV) Explanations on the approval obtained or to be obtained from the relevant authorities (if applicable) in respect of the new project;
- (V) Opinions of Independent Directors, the supervisory committee and the sponsor(s) on the change of the use of proceeds;
- (VI) Explanations on changing the use of the proceeds which are subject to consideration at general meetings;
- (VII) Other information as required by the Shanghai Stock Exchange.

New projects involving related party transactions, asset acquisitions or external investments shall also be disclosed according to the requirements of relevant rules.

Article 29 Where the Company proposes to change the use of proceeds, the following documents shall be submitted to the Shanghai Stock Exchange:

- (I) Draft of announcements;
- (II) Drafts of the resolutions of the Board and the announcement for the resolutions;
- (III) Opinions of Independent Directors on the change of the use of proceeds;
- (IV) Opinions of the Supervisory Committee on the change of the use of proceeds;
- (V) Opinions of the sponsor(s) on the change of the use of proceeds;
- (VI) Explanations on changing the use of the proceeds;
- (VII) Letter of intent or agreement for cooperation of the new project (if applicable);
- (VIII) Approval obtained in respect of the new project (if applicable);
- (IX) Feasibility study report in respect of the new project (if applicable);
- (X) Report from the relevant intermediary organisations (if applicable);
- (XI) Agreement to terminate the original project (if applicable);
- (XII) Other documents as required by the Shanghai Stock Exchange.

Article 30 If the Company changes the use of proceeds to acquire assets (including interests) of its controlling shareholder or actual controller, it shall ensure effective avoidance of horizontal competition and reduction of related party transactions after the acquisition.

The Company shall disclose the reasons for conducting transactions with its controlling shareholder or actual controller, the pricing policy and the pricing basis for related party transactions, the impact of related party transactions on the Company and the solutions for the relevant issues.

Article 31 Where the Company proposes to externally transfer or replace an investment project financed by proceeds (except for those which have completed the entire external transfer or replacement process in a material asset restructuring implemented by the Company), the Company shall report to the Shanghai Stock Exchange and make an announcement on the followings within two trading days from the submission to the Board for consideration:

- (I) Specific reasons for the external transfer or replacement of the investment project financed by proceeds;
- (II) The amount of proceeds invested in the project;
- (III) Completion progress of the project and its realized benefit;
- (IV) Basic information, feasibility analysis and risk disclosure (if applicable) of the substituting project;
- (V) The pricing basis of the transfer or replacement and relevant gain;
- (VI) Opinions on the transfer or replacement of the investment project financed by proceeds from the independent directors, the Supervisory Committee and the sponsor(s);
- (VII) Explanation that the transfer or replacement of the investment project financed by proceeds is subject to submission to general meeting for consideration;
- (VIII) Other requirements of the Shanghai Stock Exchange.

The Company shall give due regard to the receipt and use of the consideration of the transfer, changes in ownership of the substituting assets and their continuous operation.

Article 32 Where the Company proposes to use remaining proceeds (including interest income) upon completion of an individual proceeds-financed project for the purpose of other proceeds-financed project, the proposal shall be subject to consideration and approval by the Board and the express consent of the independent directors, the Supervisory Committee and the sponsor(s). The Company shall report to the Shanghai Stock Exchange and make announcement within two trading days after the Board meeting.

Where the remaining proceeds (including interest income) are less than RMB1 million or 5% of the committed investment amount of such proceeds-financed project, implementation of the above-mentioned procedures could be waived and the use of these proceeds shall be disclosed in the annual report.

In the event the Company uses the remaining proceeds (including interest income) of such project for investment projects not financed by proceeds (including supplementing liquidity capital), the Company shall undergo relevant procedures and perform disclosure obligations according to relevant requirements in changing the uses of proceeds.

Article 33 Upon completion of all investment project financed by proceeds, if the balance of the proceeds (including the interest income) exceeds 10% of the Net Proceeds, the use of such balance is subject to approval by the Board of Directors and general meeting and consent from the independent directors, the sponsor(s) and the Supervisory Committee. The Company shall report to the Shanghai Stock Exchange and make an announcement thereon within two trading days after the Board meeting.

For the proceeds balance (including the interest income) below 10% of the Net Proceeds, the use of such balance is subject to approval by the Board of Directors and consent from the independent directors, the sponsor(s) and the Supervisory Committee. The Company shall report to the Shanghai Stock Exchange and make an announcement thereon within two trading days after the Board meeting.

For the proceeds balance (including the interest income) below RMB5 million or 5% of the Net Proceeds, the use of such balance is exempted from the above procedures but shall be disclosed in the latest periodic report.

Chapter 5 Administration and Supervision of Use of Proceeds

Article 34 The internal auditing department of the Company shall perform review on deposit and use of proceeds at least once every quarter and promptly report the results to the Audit Committee. If the Audit Committee considers there is material non-compliance or material risk in the management of the proceeds by the Company or the internal auditing department fails to submit a report on the results of the inspection under the provisions aforesaid, a report thereon shall be made to the Board on a timely basis. The Board shall report to the Shanghai Stock Exchange and make an announcement within two trading days upon the receipt of the report. The announcement shall cover material non-compliance or material risks in the management of proceeds, actual or possible consequences and measures already taken or to be taken.

Article 35 The Board of Directors of the Company shall comprehensively review progress of the investment project financed by proceeds semi-annually, and issue a Special Report on the Deposit and the Actual Use of Proceeds of the Company (“Special Report on Proceeds”).

Where the actual progress of investment project financed by proceeds differs from the investment plan, the Company shall explain specific reasons in the Special Report on Proceeds. When idle proceeds are used in investment products in the current period, the Company shall disclose returns for the reporting period and investment share, counterparties, product names, term and other information as the end of the period in the Special Report on Proceeds.

The Special Report on Proceeds shall be considered and approved by the Board of Directors and the Supervisory Committee, and reported to the Shanghai Stock Exchange with an announcement thereon released within two trading days upon submission to the Board of Directors for consideration.

Article 36 In an annual audit, the Board of Directors shall engage certified public accountants to issue an attestation report on the deposit and use of proceeds of the Company. Such attestation report shall be disclosed in the annual report.

The certified public accountants shall provide reasonable verification and make a verification conclusion as to whether the special report by the Board gives a true view of the actual deposit and use of the proceeds for the year.

In the event the conclusion is a “Qualified conclusion”, “Negative conclusion” or “Unable to form a conclusion”, the Board of the Company shall conduct an analysis in respect of the reasons for the conclusion given by the accounting firm in the verification report, propose corrective measures and disclose in the annual report.

The sponsor(s) shall conduct an on-site investigation into the annual deposit and the use of proceeds and shall issue a special inspection report, which carefully analyses the reasons for the above verification conclusion by the certified public accountant and states a clear inspection opinion, within 10 trading days upon the disclosure of the verification report. The Company shall report to the Shanghai Stock Exchange and publish an announcement within two trading days after receipt of the inspection report.

Article 37 In case the Company issues securities as a payment method to acquire assets or raises proceeds to acquire assets from a specific subject, the operation of the assets and the performance of the relevant undertakings shall be disclosed in the annual reports for at least 3 consecutive years after the ownership of such assets is changed.

The disclosure on operation of such assets shall at least include the change of carrying value of the assets, the production and operation condition, the contribution of benefits and whether the profit forecast (if any) is met, etc.

If the relevant undertaking period is longer than the aforementioned disclosure period, the Company shall continue to disclose the performance of the undertaking in the annual reports in the subsequent periods until the performance of the undertaking is completed.

Article 38 Independent Directors, the audit committee of the Board and the Supervisory Committee shall pay attention to any material discrepancy between the actual use of the proceeds and the information disclosed by the Company. With the consent from more than half of the Independent Directors, the audit committee of the Board or the Supervisory Committee, a certified public accountant may be engaged to issue an attestation report on the deposit and use of the proceeds. The Company shall be fully cooperative with the specific auditing work and bear necessary auditing expenses.

The Board of Directors shall report to the Shanghai Stock Exchange and release an announcement within two trading days upon receipt of the attestation report mentioned in the preceding paragraph. If any non-compliance in management and use of proceeds of the Company is identified in the attestation report, the Board of Directors shall also announce such non-compliance, its consequences that have occurred or may occur and the actions that have taken or are to be taken.

Article 39 The sponsor(s) shall agree with the Company in the sponsor agreement(s) that the sponsor(s) shall conduct at least one on-site survey for the deposit and use of proceeds of the Company on a semi-annual basis. Where the sponsor(s) discover(s) any material non-compliance or material risk in the management of uses of proceeds by the Company in such investigation, report(s) shall be submitted timely to the Shanghai Stock Exchange.

After the end of each accounting year, the Board of the Company shall disclose in the Special Report on Proceeds the conclusive opinion contained in the special examination report issued by the sponsor(s) and the attestation report issued by the accounting firm.

Article 40 Where the investment project financed by proceeds are made by a subsidiary of the Company or other enterprises controlled by the Company, these Measures shall be applicable to those projects.

Chapter 6 Supplementary Provisions

Article 41 In case of any inconsistencies between the Measures and the relevant laws, regulations, regulatory documents and the Articles of Association or issues not covered in the Rules, the relevant laws, regulations, regulatory documents or the Articles of Association shall prevail.

Article 42 Any matters not specified in the Measures should be implemented in accordance with relevant laws, regulations, regulatory documents and the Articles of Association. Should any of the Rules be found in conflict with relevant laws or regulations or regulatory documents issued later or in conflict with the legally amended Articles of Association, the relevant laws, regulations or regulatory documents and the Articles of Association shall prevail, and the Company should amend the Rules in a timely manner and submit to the shareholders' general meeting for approval.

Article 43 The terms "related party transaction" and "related person" under these measures shall have the same meanings for the terms "related party transaction" and "related person" as set out in the Hong Kong Listing Rules.

Article 44 The Measures shall take effect and be implemented on the date when they are considered and passed at the shareholders' general meeting and the Company's shares are listed on the Shanghai Stock Exchange.

Article 45 The Measures shall be subject to the interpretation of the board of directors of the Company.

Zhejiang Tengy Environmental Technology Co., Ltd

2 March 2017

Valuation Report

(Report Enclosure Valuation Schedule)

Vol.1

Project Name: Valuation on the Property, the Land-use right and the Accessory Equipments to be acquired by Zhejiang Tengy Environmental Technology Co., Ltd from Tengy Group Limited

Project Number: DZ [2017] NO.0232



Orient Appraisal Co., Ltd.
April 18th, 2017

Appraisers' Statement

The signing certified appraisers herein state that we observe the principles of independence, objectivity and fairness, abide by the relative laws, regulations and the rules of valuation standards, the contents expressed in this report is objective and we are willing to take the legal responsibility to the legitimacy of the valuation conclusion according to the collected material in our working process.

The assets and liabilities list as well as the future operation forecasts of valuation objects should be declared and confirmed by the valued parties by sealing on. "Valuation Standards-General" Article 23 stipulates that the appraisers shall take responsibilities for presenting their professional opinion on the value of the valuation objects as at the valuation date through analysis and computation according to the related laws, regulations and the rules of valuation standards, while the clients as well as concerning parties shall take responsibilities that they would provide necessary materials and make sure that the materials provided by them are real, legal and complete and also take responsibility for using the report properly.

We have no existing or anticipated benefit relationship with the valuation object of the valuation report nor the concerning parties, and have no prejudice to the relevant parties.

We have done the scene survey to the valuation objects and the related assets in the valuation report, checked and paid necessary attention on the related legal property rights conditions of the valuation objects and its related assets, disclosed the discovered problem strictly according to the facts, and submit to the clients and the concerning parties to improved it so as to satisfy the requirement for submitting the valuation report.

"Valuation Standards-General" Article 24 and "Attention by Certified Asset Appraisers toward the Legal Ownership of Appraised Objects Guiding Opinion" stipulate that the clients as well as concerning parties shall take responsibilities that the materials about legal property right of the valuation objects are real, legal and complete. The goal of valuation performed by appraisers is to present their professional opinion on the value of the valuation objects and confirming the legal rights of the valuation objects or putting forth opinions on that is beyond appraisers' work scope. The valuation report does not provide guarantee of legal property rights of the objects.

The analysis, judgments and conclusion in the valuation report are subject to the assumptions and restriction terms, the users of the valuation report should fully consider the assumptions, restriction terms, additional disclosure items and their influence on the valuation conclusion. "Valuation Standards-Report" Article 13 stipulates that the users of the valuation report should read the whole valuation report carefully and pay special attention to the additional disclosure items and the restriction on the use of the report.

Valuation Report
(Contents)

Project Name: Valuation on the Property, the Land-use right and the Accessory Equipments to be acquired by Zhejiang Tengy Environmental Technology Co., Ltd from Tengy Group Limited

Project Number: DZ [2017] NO. 0232

Appraisers' Statement

Catalog

Abstract

Text

**I. OVERVIEW OF THE CLIENT
AND OTHER REPORT USERS**

I. THE CLIENT

II. OTHER REPORT USERS

II. OVERVIEW OF THE PROPERTY RIGHTS HOLDER

III. VALUATION PURPOSE

IV. VALUATION OBJECTS AND SCOPE

V. VALUE TYPE AND DEFINITION

VI. THE VALUATION DATE

VII. VALUATION BASIS

I. ECONOMIC BEHAVIOR BASIS

II. REGULATORY BASIS

III. STANDARDS AND CRITERIA OF VALUATION

IV. PRICING BASIS ADOPTED

V. BASIS OF OWNERSHIP

VI. OTHER MATERIALS FOR REFERENCE AND OTHER FILES

*VII. REFERENCES TO THE VALUATION CONCLUSION ISSUED
BY OTHER INSTITUTIONS*

VIII. VALUATION METHODS

I. OVERVIEW

II. SELECTION OF THE VALUATION METHODS AND EXPLANATION THEREOF

IX. IMPLEMENTATION OF THE VALUATION PROCEDURES

X. VALUATION ASSUMPTIONS

XI. VALUATION CONCLUSION

I. OVERVIEW

XII. EXPLANATION OF SPECIAL ISSUES

XIII. EXPLANATION OF THE RESTRICTION ON THE USE OF THE REPORT

I. THE SCOPE OF THE VALUATION REPORT

II. VALIDITY PERIOD OF THE VALUATION REPORT

III. THE INTERPRETATION OF THE VALUATION REPORT

XIV. THE SUBMISSION DATE OF THE VALUATION REPORT

Valuation Report

(Abstract)

Project Name	Valuation on the Property, the Land-use right and the Accessory Equipments to be acquired by Zhejiang Tengy Environmental Technology Co., Ltd from Tengy Group Limited
Project Number:	DZ [2017] NO. 0232
The Client	Zhejiang Tengy Environmental Technology Co., Ltd.
Other Report Users	In accordance with the engagement letter for valuation, the valid users of this report include the proposed transferee and the users specified by laws and regulations of the PRC.
Assets Owners	Tengy Group Limited
Valuation Purpose	Asset acquisition
The Valuation Date	28th February, 2017
Valuation Objects and Scope	The valuation objects are the Subject Assets from Tengy Group Limited involved in Asset Acquisition, comprising fixed assets- the Property, fixed assets- the Accessory Equipments and intangible assets- the Land-use right. The valuation scope consists of Land-use right covering of 59,273.5 square meters of land located in the plant area of Tengy Group Limited at Xinsheng Village, Paitou Town, Zhuji City and the Property of 46,679.54 square meters and 29 machineries and equipments located in the plant area of Tengy Group Limited at Xinsheng Village, Paitou Town, Zhuji City.
Value Type	Market Value
Valuation Approach	The value of the fixed assets (namely the Property) and the fixed assets (namely the Accessory Equipments) are valued by cost method, and Land-use right is valued by cost method and market comparison method.
Valuation Conclusion	Upon computation, the aggregate market value of the Subject Assets from Tengy Group Limited under valuation, comprising fixed assets- the Property, fixed assets- the Accessory Equipments and intangible assets- the Land-use right, as at the valuation date is RMB79,714,327.00.

IN WORDS: RMB SEVENTY-NINE MILLION SEVEN HUNDRED FOURTEEN THOUSAND THREE HUNDRED AND TWENTY-SEVEN.

Comprising the fixed assets- the Property of RMB50,385,896.00, fixed assets- the Accessory Equipments of RMB1,488,431.00 and intangible assets- the Land-use right of RMB27,840,000.00.

Period of Validity of the Valuation Conclusion One year from the Valuation Date.

Significant Special Issues The assets under valuation involves pledge of real estates, which is described in details in the section “Explanation of Special Issues” in this valuation report.

Valuation Report
(Text)

Special Note: The Valuation Report is prepared only to provide a value reference for the economic behaviour described in the Valuation Report. If users of the report wish to be informed of the full picture of this valuation project, please carefully refer to the full text of the assets valuation report and related appendix.

Zhejiang Tengy Environmental Technology Co., Ltd. :

Orient Appraisal Co., Ltd. accepts your engagement to conduct a valuation, according to relevant laws, regulations, standards and generally accepted principles on assets valuation, on the market value of Subject Assets to be acquired by Zhejiang Tengy Environmental Technology Co., Ltd from Tengy Group Limited, comprising fixed assets- the Property, fixed assets- the Accessory Equipments and intangible assets- the Land-use right, as of the Valuation Date, by using cost method on the Property and the Accessory Equipments and using cost method and market comparison method on intangible assets — Land-use rights with reference to the necessary valuation procedures.

Established in 1999, Orient Appraisal Co., Ltd. is currently the largest professional asset appraisal institution in Eastern China with a team of around 300 registered surveyors and other professionals. It is with over 15 years of experience in the appraisal of residential, commercial and industrial properties in the PRC. It has obtained the Certificate of Appraisal of Businesses in relation to Securities and Futures* (證券期貨相關業務評估資格證書) jointly issued by the Ministry of Finance of the PRC and the China Securities Regulatory Commission (certificate number: 0210049005) as well as the Assets Appraisal Certificate* (資產評估機構資格證書) issued by State-owned Assets Supervision and Administration Commission of Shanghai* (上海市國有資產監督管理委員會) (certificate number: 31020001). In terms of the scope of asset appraisal operations, Orient Appraisal ranks first in Shanghai and top five on a national scale within the PRC.

The asset valuation is hereby reported as follows:

Project Name: Valuation on the Property, Land-use right and Accessory Equipments to be acquired by Zhejiang Tengy Environmental Technology Co., Ltd from Tengy Group Limited

Project Number: DZ [2017] NO. 0232

I. Overview of the Client and Other Report Users

I. The Client	Company Name:	Zhejiang Tengy Environmental Technology Co., Ltd.
	Company Type:	Joint-stock company with limited liability (Taiwan, Hong Kong, Macao and China joint venture)

Residential Address: Yangfu Village, Paitou Town, Zhuji City

Legal Representative: Bian Yu

Registered Capital: RMB135,000,000.00

Business scope: The research and development, design, manufacturing, installation and sales of environmental pollution control equipment and electronic control equipment; research and development, design and manufacturing and sales of steel structure of environmental protection equipment; sales and installation of pressure vessel; import and export, import and export of technology of environmental protection equipment, new energy equipment. (for projects where approval is required under law, such operational activities can only commence upon approval by relevant authorities).

- ii. Other Report Users As agreed in the engagement letter for valuation, other report users, relevant regulatory authorities and institutions and report users specified by the national laws and regulations are the valid users of this report. Apart from them, Any third parties in possession of the valuation report shall not be deemed as the users of the valuation report.

II. Overview of the Property Rights Holder

Company Name: Tengy Group Limited

Type: Limited liability company

Residential Address: Paitou town of Zhuji City

Legal Representative: Bian Yu

Registered Capital: RMB218,000,000.00

Business scope: manufacturing and sales of Cement machinery, paper machinery, lifting machinery, internal combustion engines and spare parts; wholesale and retail of steel, building materials (except bamboo wood), mechanical equipment, metal products, electronic products, chemical products (except dangerous chemicals, drugs, controlled chemicals), daily necessities, arts and crafts; scrap metal recycling; construction and operation of wind farm; management; solar power; goods and technology import and export business (for projects where approval is required under law, such operational activities can only commence upon approval by relevant authorities).

III. Valuation Purpose

According to the minutes of meeting of the chairman of the board of directors of Zhejiang Tengy Environmental Technology Co., Ltd., Zhejiang Tengy Environmental Technology Co., Ltd. intends to acquire the Subject Assets from Tengy Group Limited This valuation is to provide value reference for the aforementioned economic.

IV. Valuation Objects and Scope

The valuation objects are the Subject Assets from Tengy Group Limited involved in Asset Acquisition, comprising fixed assets- the Property, fixed assets- the Accessory Equipments and intangible assets- the Land-use right. The valuation scope consists of Land-use right covering 59,273.5 square meters of land located in the plant area of Tengy Group Limited at Xincheng Village, Paitou Town, Zhuji City and the Property of 46,679.54 square meters and 29 machineries and equipments located in the plant area of Tengy Group Limited at Xincheng Village, Paitou Town, Zhuji city. The Property under valuation is erected on the land under valuation.

Among them: a total of 29 Accessory Equipments included electric single-girder cranes and bridge cranes, the specific circumstances of the Property and Land-use rights are set out in the following table:

Building Ownership Certificate No.	The Name of the Building	Structure	Completion Date	Floor Area (M ²)
The Building Ownership Certificate is No. F0000034635	2#Building	Steel Structure	June,2008	46,679.54

Land Ownership Certificate No.	Location of the Land	Acquisition Date	Nature of the Land	Quasi Service Life	Development Level	Area (M ²)
Zhuji State (2016) 91900813	Xinsheng Village of Paitou Town	December 31st, 2006	Industrial Land	Fifty	Five Links And One Level	59,273.50

V. Value Type and Definition

The value type selected for the valuation is market value. Market value refers to the estimated amount for which the valuation subject should exchange on the valuation date between a willing buyer and a willing seller in a normal arm's length transaction, wherein the parties had each acted rationally without compulsion.

It should be noted that there may be differences in the value of same asset in different markets. The valuation is generally based on market conditions and market environment conditions which can be observed or analyzed in the PRC. Such value type is selected for the valuation mainly based on factors such as the purpose of the valuation, market conditions, valuation assumptions and the own conditions of the valuation subject.

The "appraised value" referred to in this report represents the valuation opinion expressed in connection with the agreed valuation scope and subject in accordance with the procedures and methods stated in this report under the value type, valuation assumptions and preconditions as agreed in this report only for serving the purpose of the valuation as agreed in this report.

VI. The Valuation Date

1. The Valuation Date for the project is February 28th, 2017.
2. The Valuation Date is agreed by the clients and is after the consideration of the realization of economic behavior.

3. The selection of the Valuation Date is by convention and affected by no factors. The pricing standards of the valuation are based on the effective prices as at the valuation date.

VII. Valuation Basis

- | | |
|--|--|
| I. Economic Behavior Basis | 1. The minutes of meeting of the chairman of the board of directors of Zhejiang Tengy Environmental Technology Co., Ltd. |
| II. Regulatory Basis | <ol style="list-style-type: none"> 1. “Law of the People’s Republic of China on Land Administration” (As revised by the eleventh meeting of the tenth session of the Standing Committee of the National People’s Congress on August 28th, 2004); 2. “Benchmark premium on the valuation of urban land” (GB/T18508–2014); 3. “Code for appraisal of real estate” (GB/T50291–2015); 4. “Urban Real Estate Administration Law of the People’s Republic of China” (As revised by the twenty-ninth meeting of the tenth session of the Standing Committee of the National People’s Congress on August 30th, 2007); 5. “Asset Valuation Law of the People’s Republic of China” (passed by the twenty-first meeting of the twelfth session of the Standing Committee of the National People’s Congress on July 2nd, 2016); 6. Other laws and regulations. |
| III. Standards and Criteria of Valuation | <ol style="list-style-type: none"> 1. Assets appraisal standards-basic standards (Tai Qi [2004]No. 20); 2. Assets appraisal ethical principles- basic principles (Tai Qi [2004]No. 20); 3. Assets appraisal ethical principles-Independence (CAS[2012] No. 248); 4. Assets appraisal standards-Valuation Report (CAS[2011]No. 230); 5. Assets appraisal standard-Valuation Process (CAS[2007]No. 189); 6. Assets appraisal standard-Working Paper (CAS[2007]No. 189); |

7. Assets appraisal standard-Engagement Letter (CAS[2011]No. 230);
8. Assets appraisal standard-Immovable Property (CAS[2007] No. 189);
9. Assets appraisal standard-Equipment (CAS[2007]No.189);
10. Guiding Opinions about asset appraisal value type (CAS[2007]No. 189);
11. Guiding Opinions about CPV 's focus on Valuation objects for legal ownership (CICPA[2003]No. 18);
12. Guidelines for the control of business quality in the valuation institutions (CAS[2010]No. 214).

IV. Pricing Basis
Adopted

1. RES Orient real estate data system;
2. The recently published land transaction price in Local land and Resources Bureau website;
3. “Engineering survey and design fee management regulations” (Ji Jia Ge [2002] No. 10);
4. “Notice of NDRC and MOC in relation to the Provisions on Administration of Charging on Engineering Project Supervision and Relevant Services (Fa Gai Jia Ge [2007] No.670)” (Fa Gai Jia Ge [2007] No. 670)
5. “basic construction financial management regulations” (Financial Building[2002] No. 394) issued by the Ministry of Finance;
6. “Mechanical and electrical products quotation manual” (Machinery Industry Press);
7. “Notice on the fee increase rate of construction projects in Zhejiang province after the reform of the release” (Hang construction cost investment office [2016]No. 23);
8. “Paitou town in Zhuji city for nearly a year to open land auction price information”;
9. “Circular on the announcement of the comprehensive price of the land expropriation area of Zhuji”;

10. “Notice of the Shaoxing Municipal People’s Government Office on the announcement of the comprehensive price of the land expropriation area in the administrative area of the city”;
 11. “Zhejiang Provincial People’s Government on the adjustment of land reclamation fees related issues notice” (Zhe Zheng Fa [2008] No. 39);
 12. “Notice of Zhejiang province farmland tax implementation measures” (Zhe Cai Nang Shui Zi (2008) No. 17);
 13. “Notice of the people’s Government of Zhejiang Province on good farmland occupation tax collection and administration work” (Zhe Zheng Fa [2008] No. 38);
 14. “Zhejiang Province Price Bureau, the Zhejiang Provincial Department of Finance on the approved land acquisition management fee base notice” (Zhe Jia Fang [1996] No. 431);
 15. Others.
- V. Basis of Ownership
1. Business license;
 2. Building Ownership Certificate No., Land Ownership Certificate No.;
 3. Equipment annual inspection report;
 4. Relevant information of other ownership.
- VI. Other Materials for Reference
1. The assets valuation declaration form provided by property rights holder;
 2. Technical statistics of Orient Appraisal Co., Ltd.;
 3. Other relevant price information.
- VII. References to the valuation Conclusion Issued by Other Institutions
1. Nil.

VIII. Valuation Methods

- I. Overview
- The three basic methods for the valuation of assets are namely, cost method, income method and market method.
- The market method is a method of determining the value of the valued assets on the basis of the price of a similar or comparable reference to on the open market.
- The income method is a method of using the current income of the valued assets as asset value by forecasting the profitability of the valued asset and discounting its future income at a certain discount.
- The cost method is used to estimate the replacement cost and physical depreciation, functional depreciation and economic depreciation of the valued assets, using replacement cost after deduction of various depreciations as a way of asset valuation
- II. Selection of the Valuation Methods and Explanation thereof
- Fixed Assets — Accessory Equipments
- Cost method is adopted according to the purpose of valuation, the valuation object, value type and data collection and other related conditions. The reasons are as follows:
- As the domestic second-hand equipment market is not developed, equipment trading is not active, it is difficult to obtain comparable equipment trading cases, therefore it is not appropriate to use market method for valuation; It is because the valued equipment is used as a whole for the business operation, it basically doesn't have the ability of independent profitability, or the profitability cannot be quantified. Therefore, it is not appropriate to use the income method. The relevant data and information of the equipment replacement cost has various sources, and since the depreciation caused by various types of losses can also be measured, the use of cost method will be more appropriate. The basic formula of cost method is:
- Valuation value = full replacement price* Integrated newness rate

(1) the determination of the full replacement price

Full Replacement Price = price of equipment + freight + installation fee + other reasonable expenses – deductible VAT

According to the “notice on the issues concerning the national implementation of the VAT reform” (Cai Shui [2008]No. 170), “notice on the fixed assets input tax deduction issues” (Cai Shui [2009]No. 113) and “notice on the full implementation of the business tax VAT pilot’s” (Cai Shui [2016]No. 36), deductible value-added tax will be deducted from the total replacement costs of the equipment which meets the conditions for the deduction of value-added tax purchased by ordinary VAT taxpayers.

(2) the determination of the newness rate

The newness rate = newness rate under service life method*
K1 * K2 * K3 * K4 * K5

Among them:

newness rate under service life method = remaining useful life ÷ (practical serviced life + remaining useful life) × 100%

Adjustment factors mainly include the original manufacturing quality (K1) and maintenance (including repair) case (K2), operation state and fault frequency of the equipment (K3), the utilization rate of equipment (K4) equipment, environmental conditions of the equipment (K5).

Fixed Assets
— Property

Cost method is adopted according to the purpose of valuation, the valuation object, value type and data collection and other related conditions.

The cost method is a valuation method that estimates the value of the property, which is the replacement cost of a completely furnished property for valuation under current conditions less the physical depreciation, functional depreciation and economic depreciation of the property, the calculation formula is as follows:

Valuation value = Replacement cost – Physical depreciation – Functional depreciation – Economic depreciation

Or: Valuation value = unit area replacement price * construction area * newness rate

According to the “on the full implementation of the business tax VAT pilot’s notice” (Cai Shui [2016]No. 36), since May 1st, 2016, The practice for levying value-added tax in lieu of business tax has been implemented nationwide, where Value-Added Tax will replace Business Tax to cover construction, real estate, financial services and lifestyle services sectors that used to fall under the Business Tax regime. In this valuation, the deductible VAT amount has been deducted from the cost of property construction.

Intangible
Assets
— Land-use
rights

Cost method and market comparison method are adopted, according to the purpose of valuation, the valuation object, value type and data collection and other related conditions.

(1) Cost method. By cost method, the valuation of the land mainly based on the sum of various objective expenses consumed for the development of the land within the region in which the land to be valued is located plus a certain amount of interest, profit, taxes payable and land appreciation earnings. The calculation formula is as follows:

$$\text{Valuation value} = (\text{land acquisition fee} + \text{tax} + \text{land development fee} + \text{interest} + \text{profit} + \text{land value-added income}) * \text{useful life correction}$$

(2) Market comparison method. The market comparison method refers to a method that determine the value of the land by comparison on the condition of transaction cases, transaction date, regional factors, individual factors and other factors between the land under valuation and certain land transactions with similar conditions or same use value in certain market conditions and make subsequent corrections to the transaction cases. Valuation value = property price of such transaction cases • transaction correction coefficient • market condition correction coefficient • property condition correction coefficient.

IX. Implementation of the Valuation procedures

According to the relevant state principles and regulations on asset valuation, we have performed the valuation and verification on the assets within the valuation scope and on such basis, appraised the valued assets. The process is as follows:

1. Contacting the client; listening to the relevant staff of the company introduce the history and current situation of the assets for valuation; having an understanding of the purpose, valuation subjects and scope of valuation; determining the valuation date, signing the engagement for valuation and drafting the valuation proposal.

2. Assisting the company to fill the asset valuation declaration form.
3. Conducting investigation through enquiry, checking, survey and inspection on the assets for valuation, etc., to obtain information on the valuation from various possible channels, verifying the valuation scope, learn about the current status of the subject of valuation and pay special attention to the legal ownership of the subject of valuation.
4. Selecting an appropriate valuation method based on the relevant conditions such as the valuation subject, the value type and the collection of valuation information; choosing the corresponding model or formula, analysing the reasons for changes in the indicators, form a preliminary conclusion through calculation and judgment, and performing analysis and comparison on the preliminary conclusions formed by various valuation methods, determining the final valuation conclusion.
5. The appraisers summarize and analyse the results, to confirm that there is no repetition or omission in the valuation, and make adjustments, amendments and revisions to the valuation conclusion of the assets.
6. Reporting the valuation result to and communicating with the client and the property rights holder after the valuation report goes through the internal three-grade checking by the company; amending and improving the valuation report based on the opinions exchanged and submitting the official valuation report to the client.

X. Valuation Assumptions

1. There are no significant changes in the political, economic and social environment of the country or region where the valuation subject is located, and there are no force majeure events or unforeseeable factors that result in significant adverse impact.
2. There are no significant changes in the laws and regulations, macroeconomic policies, industrial policies and regional development policies of the state.
3. There are no significant changes in interest rates, exchange rates, and tax policies.
4. The abnormal factors affecting the appraised value, such as mortgages, pledge and guarantees, which exist presently or may occur in the future, as well as special transaction model, have not been considered.

The calculation of the valuation result in this report is conducted based on the conditions of the valuation subjects on the valuation date as well as the assumptions and limitations on the valuation subjects in the valuation report. According to the requirements of the asset valuation, these assumptions are recognized to be the established ones on the valuation date. When the economic environment in the future undergoes any change which is relatively large, we do not bear the responsibility for a different valuation conclusion resulted owing to the change of conditions of the assumptions.

XI. Valuation Conclusion

I. Overview

Pursuant to the relevant laws, regulations and asset valuation criteria and by adhering to the principle of independence, objectivity and equity, by using cost method on the Property and the Accessory Equipments and using cost method and market comparison method on intangible assets — Land-use rights, we have assessed the market value of the appraised entity on the valuation date using the income approach and the market approach in accordance with the necessary valuation procedure and arrived at the following valuation conclusion:

Upon valuation, the market value of the valued assets at the valuation date is RMB79,714,327.00.

IN WORDS: RMB SEVENTY-NINE MILLION SEVEN HUNDRED FOURTEEN THOUSAND THREE HUNDRED AND TWENTY-SEVEN.

Comprising the fixed assets- the Property of RMB50,385,896.00, fixed assets- the Accessory Equipments of RMB1,488,431.00 and intangible assets- Land-use right of RMB27,840,000.00.

The results of the valuation are summarised as follows:

	Item	Valuation amount (RMB)
Summary of valuation results as of the Valuation Date	Fixed assets — Properties	50,385,896
	Fixed assets — Accessory Equipments	1,488,431
	Intangible assets — Land-use right	<u>27,840,000</u>
	Total	<u><u>79,714,327</u></u>

XII. Explanation of Special Issues

The Valuation Report users shall pay attention to the following special issues which may have possible impacts on the valuation conclusion.

1. In case of any change in asset quantity and consideration standard subsequent to the valuation date which will affect the valuation conclusion, this valuation conclusion cannot be used directly and should be amended or conducted once again.
2. This report is not responsible for the validity, completeness and authenticity of such evidence and materials as the relevant resolutions, business licenses and property right certificates.

3. The value type of the valuation subject is market value, to which the realization of the cost of the transaction costs and taxes are not taken into consideration. Report users are advised to exercise caution.
4. As of the valuation date, due to bank borrowings, the Company had the following mortgages: the land use rights under Certificate No. Zhuji State (2016) 91900813 concerning a site area of 59,273.5 square meters and the Property under Certificate No. Fang Quanzheng zhu zi F0000034635 concerning a floor area of 46,679.54 square meters were pledged. The mortgagee is Zhuji branch of Industrial Commercial Bank of China Ltd with an agreed term from January 2015 to June 2017.
5. The client has not provided the nominal value of the valued assets. For this valuation, the ownership rights are verified by annual inspection report and descriptions, property right certificates and land use right certificates.
6. We have not identified any other material and exceptional matters that might affect the valuation conclusion and the appraisal and estimation of which is beyond our professional level and competence. However, users of the report should rely on the report entirely, but should make independent judgments on factors affecting the ownership status and value of the assets and other related aspects and give due consideration to these matters when conducting an economic activity.
7. The valuation firm and appraisers do not assume any responsibility for existing exceptional matters that would have affected the assessed value of the asset but that have not been specifically indicated at the time of engagement and on-site appraisal, being matters that the appraisers would not usually have any knowledge of based on their professional experience and for which no information can be collected. The valuation report shall be invalid and the valuation conclusion shall be untenable and shall not be directly adopted if the above-mentioned exceptional matter proves to have affected the valuation result and the valuation report remains unadjusted.

XIII. Explanation of the Restriction on the Use of the Report

- I. The Scope of the Valuation Report
 1. This report is prepared solely for use by the users as stated in the Valuation Report and the valuation conclusion of the valuation report is solely provided for the intent and purpose stated herein, and for examination by relevant government authorities in accordance with regulations.
 2. The contents of the Valuation Report shall not be extracted, cited or disclosed in public media, without approval in writing by the valuation firm who issues the report, save as required by laws and regulations or otherwise agreed by related parties.

3. The appendix and valuation breakdown tables contained in this report and other official materials furnished by the valuation firm specifically for examination by government or industry authorities shall have the same legal effect and equally binding as this report.
- II. Validity Period of the Valuation Report The valuation conclusion shall only be valid where the period between the Valuation Date and the date on which the economic behavior executed is not more than one year, i.e. it is valid from February 28th, 2017 to February 27th, 2018.
- The Valuation Report shall not be used after the validity period has expired.
- III. The Interpretation of the Valuation Report The right of interpretation of meanings expressed in this Valuation Report shall rest with the valuation firm issuing the Report. Unless specifically provided for under national laws and regulations, no other entities and authorities shall have such right of interpretation.

XIV. The Submission Date of the Valuation Report

Date of valuation report is the date of formation of professional opinion, i.e. April 18th, 2017. (No text hereinafter in this page)

Valuation Institution	Orient Appraisal Co., Ltd.
Legal Representative	Wang Xiaomin
Chief Appraiser	Liang Bin
Undersigning Certified Public Appraiser Tel: 021-5240 2166	Xia Jianfeng (夏劍峰)
	Liu Zhen (劉臻)
The Submission Date of the Report	18 April 2017
Company Address	Floor 19, Pacific Center, West Yan An Road, Shanghai, 200050, PRC No. 889,
Contact Number	021-52402166 (General Line) 021-62252086 (Fax)
Website	www.dongzhou.com.cn

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1. 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 enquiries, 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.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

I. Long position in respect of Domestic Shares as at the Latest Practicable Date:

Name of Director/ Chief executive	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares	Approximate % of Company's share capital
Mr. Bian Yu (<i>Note 1</i>)	Beneficial owner	13,671,000	13.67	10.13
	Interest in a controlled corporation (<i>Note 2</i>)	70,000,000	70.00	51.85
Mr. Bian Jianguang (<i>Note 1</i>)	Beneficial owner	6,843,000	6.84	5.07
	Interest in a controlled corporation (<i>Note 2</i>)	70,000,000	70.00	51.85
Mr. Bian Weican	Beneficial owner	1,851,000	1.85	1.37
Ms. Bian Shu (<i>Note 1</i>)	Beneficial owner	3,933,000	3.93	2.91
	Interest in a controlled corporation (<i>Note 2</i>)	70,000,000	70.00	51.85
Mr. Zhang Yuanyuan (<i>Note 3</i>)	Family interest of spouse	73,933,000	73.93	54.76

Notes:

1. The Company is held as to approximately 51.85% by TGL, approximately 10.13% by Mr. Bian Yu, approximately 5.07% by Mr. Bian Jianguang, approximately 2.91% by Ms. Bian Shu, approximately 1.37% by Mr. He Jianmin, approximately 1.37% by Mr. Bian Weican and approximately 1.37% by Mr. Chen Jiancheng. TGL is held as to approximately 64.08% by Mr. Bian Yu, approximately 22.81% by Mr. Bian Jianguang and approximately 13.11% by Ms. Bian Shu.
2. The disclosed interest represents the interest in the Company held by TGL which is in turn approximately 64.08% owned by Mr. Bian Yu, approximately 22.81% owned by Mr. Bian Jianguang and approximately 13.11% owned by Ms. Bian Shu. Therefore, Mr. Bian Yu, Mr. Bian Jianguang and Ms. Bian Shu are deemed to be interested in TGL's interest in the Company by virtue of the SFO. The indirect interests in the Company's share capital owned by Mr. Bian Yu, Mr. Bian Jianguang and Ms. Bian Shu via their respective interests in TGL are approximately 33.23%, 11.83% and 6.80% respectively.
3. Mr. Zhang Yuanyuan, the spouse of Ms. Bian Shu, is deemed to be interested in Ms. Bian Shu's interest in the Company by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

I. Long position in respect of Domestic Shares as at the Latest Practicable Date:

Name	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares	Approximate % of Company's share capital
TGL (<i>Note 1</i>)	Beneficial owner	70,000,000	70.00	51.85
Ms. Bao Guo (<i>Note 2</i>)	Family interest of spouse	83,671,000	83.67	61.98
Ms. Xu You (<i>Note 3</i>)	Family interest of spouse	76,843,000	76.84	56.92

Notes:

1. TGL is directly interested in approximately 51.85% in the Company.
2. Ms. Bao Guo, the spouse of Mr. Bian Yu, is deemed to be interested in Mr. Bian Yu's interest in the Company by virtue of the SFO.
3. Ms. Xu You, the spouse of Mr. Bian Jianguang, is deemed to be interested in Mr. Bian Jianguang's interests in the Company by virtue of the SFO.

II. Long position in respect of H Shares as at the Latest Practicable Date:

Name	Capacity/ Nature of interest	Number of H Shares	Approximate % of total issued H Shares	Approximate % of Company's share capital
Shou Erjun	Beneficial owner	10,000,000	28.57	7.41
Hong Kong Joint Financial Investment Ltd	Interest in a controlled corporation	5,297,000	15.13	3.92
Zhao Kaiyuan (Note 4)	Beneficial owner	5,297,000	15.13	3.92
Kylin International (HK) Co., Ltd	Beneficial owner	1,834,800	5.24	1.36
Kylin Investment Management Co., Ltd* (凱銀投資管理有限公司) (Note 5)	Interest in a controlled corporation	1,834,800	5.24	1.36
Tak Shun Holdings Group Co., Ltd* (德信控股集團有限公司) (Note 6)	Interest in a controlled corporation	1,834,800	5.24	1.36
Hu Yiping (Note 7)	Interest in a controlled corporation	1,834,800	5.24	1.36

Notes:

- Mr. Zhao Kaiyuan, the controlling shareholder of Hong Kong Joint Financial Investment Ltd, is deemed to be interested in Hong Kong Joint Financial Investment Ltd's interests in the Company by virtue of the SFO.
- Kylin Investment Management Co., Ltd* (凱銀投資管理有限公司) ("Kylin Investment"), the controlling shareholder of Kylin International (HK) Co., Ltd ("Kylin International"), is deemed to be interested in Kylin International's interests in the Company by virtue of the SFO.
- Tak Shun Holdings Group Co., Ltd* (德信控股集團有限公司) ("Tak Shun Holdings"), the controlling shareholder of Kylin Investment, is deemed to be interested in Kylin International's interests in the Company by virtue of the SFO and note 6 above.
- Mr. Hu Yiping, the controlling shareholder of Tak Shun Holdings, is deemed to be interested in Kylin International's interests in the Company by virtue of the SFO as well as note 6 and 7 above.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than Directors or chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

There is a letter of appointment entered into between the Company and each of the Directors. As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which is contained herein:

Name	Qualification
Lego Corporate Finance	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO
Orient Appraisal	Professional surveyor and valuer

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated the date of this circular and references to its name in the form and context in which it appears.

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

As at the Latest Practicable Date, each of the above experts did not have any interests, either direct or indirect, in any assets which have been acquired or disclosed of by or leased to or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Company were made up. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

The Group is principally engaged in, among other aspects, the provision of integrated atmospheric pollution control solutions. As at the Latest Practicable Date, so far as is known to the Board, none of the Directors or their respective associates had an interest in any business that competes with or is likely to compete, either directly or indirectly, with the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Company were made up.

9. GENERAL

In the event of any inconsistency, the Chinese texts of this circular and the accompanying form of proxy shall prevail over their respective English texts.

For the purpose of this circular, unless otherwise specified, conversion of RMB into HK\$ is based on the approximately exchange rate of RMB0.89 to HK\$1.00

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of the Company at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC, during normal business hours on any Business Day from the date of this circular up to and including 12 May 2017:

- (i) the Asset Acquisition Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out on page 34 of this circular;
- (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 35 to 44 of this circular;
- (iv) the written consents as referred to in the paragraph headed “5. Experts and consents” in this appendix;
- (v) the extract of the Valuation Report set out in Appendix IX to this circular; and
- (vi) this circular.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd

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

(Stock Code: 1527)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the EGM of Zhejiang Tengy Environmental Technology Co., Ltd (the “**Company**”) will be held at 10:30 a.m. on Thursday, 15 June 2017 at the Company’s conference room, TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC for the purposes of considering and, if thought fit, passing the following supplemental resolutions.

In this notice, unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Company’s circular dated 28 April 2017 (the “**Circular**”).

SPECIAL RESOLUTIONS

To consider and approve:

- (1) the Proposed A Share Offering;
 - (a) Type of securities to be issued;
 - (b) Nominal value per Share;
 - (c) Stock exchange for the proposed listing of the A Shares;
 - (d) Offering size;
 - (e) Target subscribers;
 - (f) Method of offering;
 - (g) Pricing methodology;
 - (h) Method of underwriting;
 - (i) Conversion of the form of the Company;
 - (j) Validity period of the resolution for the Proposed A Share Offering; and
 - (k) Right attached to the A Shares to be issued pursuant to the Proposed A share Offering.
- (2) the grant of authorisation to the Board to deal with all matters relating to the Proposed A Share Offering;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (3) the plan for distribution of profits accumulated prior to the Proposed A Share Offering;
- (4) the use of proceeds of the Proposed A Share Offering and the feasibility analysis; and
- (5) the proposed amendments to the Articles of Association and the Meeting Procedural Rules pursuant to the Proposed A Share Offering;

ORDINARY RESOLUTIONS

To consider and approve:

- (6) the future dividend plan for the three years after the Proposed A Share Offering;
- (7) the A Share price stabilisation plan for the three years after the Proposed A Share Offering;
- (8) the dilution of immediate return as a result of the Proposed A Share Offering and remedial measures;
- (9) the report on the use of proceeds of the H Share Offering;
- (10) the undertakings regarding the disclosure of information in the A Share Offering Prospectus;
- (11) the appointment of domestic auditor;
- (12) the report on the related party transactions for the period from 1 January 2014 to 31 December 2016;
- (13) the proposed formulation and implementation of the Corporate Governance Rules pursuant to the Proposed A Share Offering; and
- (14) the Asset Acquisition Agreement and the transactions contemplated thereunder; and the authorisation of any one or more Directors to sign, execute and deliver all such documents and take all such actions and steps and do such acts, matters and things as any one or more of them may consider necessary, appropriate, desirable or expedient to give full effect to this resolution, and for the purposes thereof or in connection therewith.

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
BIAN Yu
Chairman

Zhuji City, Zhejiang Province, the PRC
28 April 2017

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

1. For the purpose of holding the EGM, the register of members of the Company is being closed from Tuesday, 16 May 2017 to Thursday, 22 June 2017 (both days inclusive), during which period no transfer of Shares can be registered.

In order for H Shareholders to be qualified to attend and vote at the EGM, all transfer document accompanied by the relevant share certificated must be lodged with the H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 15 May 2017.

In order for Domestic Shareholders to be qualified to attend and vote at the Domestic Shareholders' Class Meeting all transfer document accompanied by the relevant share certificated must be lodged the registered office of the Company in the PRC at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC, no later than 4:30 p.m. on Monday, 15 May 2017.

The Shareholders whose names appearing on the register of members of the Company on Monday, 15 May 2017 after close of business are entitled to attend and vote at the EGM.

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf. If that instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
4. In order to be valid, the proxy form must be deposited, for H Shareholders, to the H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or for Domestic Shareholders, to the registered office of the Company in the PRC at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC not less than 24 hours before the time for holding the EGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarised copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meetings should they so wish.
5. Shareholders shall produce their identity documents and supporting documents in respect of the Shares held when attending the EGM. If corporate Shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarised copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarised 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. Shareholders who intend to attend the EGM should complete the reply slip and return it to the office of the H Share Registrar, Tricor Investor Services Limited (for H Shareholders) and the registered office of the Company in the PRC (for Domestic Shareholders) by hand, by post or by fax (+852 2510 8185, for H Shareholders and +86 575 8705 2108, for Domestic Shareholder) on or before Friday, 26 May 2017.
7. The EGM is expected to take less than a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.
8. All voting at the EGM will be conducted by poll.

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1527)

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the Domestic Shareholders' Class Meeting of Zhejiang Tengy Environmental Technology Co., Ltd (the "**Company**") will be held at 11:30 a.m. on Thursday, 15 June 2017 at the Company's conference room, TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC for the purposes of considering and, if thought fit, passing the following resolutions.

In this notice, unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Company's circular dated 28 April 2017 (the "**Circular**").

SPECIAL RESOLUTIONS

To consider and approve:

- (1) the Proposed A Share Offering;
 - (a) Type of securities to be issued;
 - (b) Nominal value per Share;
 - (c) Stock exchange for the proposed listing of the A Shares;
 - (d) Offering size;
 - (e) Target subscribers;
 - (f) Method of offering;
 - (g) Pricing methodology;
 - (h) Method of underwriting;
 - (i) Conversion of the form of the Company;
 - (j) Validity period of the resolution for the Proposed A Share Offering; and
 - (k) Rights attached to the A Shares to be issued pursuant to the Proposed A Share Offering.

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

- (2) the grant of authorisation to the Board to deal with all matters relating to the Proposed A Share Offering;
- (3) the plan for distribution of profits accumulated before the Proposed A Share Offering; and
- (4) the use of proceeds of the Proposed A Share Offering and the feasibility analysis.

ORDINARY RESOLUTIONS

To consider and approve:

- (5) the future dividend plan for the three years after the Proposed A Share Offering;
- (6) the A Share price stabilisation plan for the three years after the Proposed A Share Offering;
- (7) the dilution of immediate return as a result of the Proposed A Share Offering and remedial measures;
- (8) the report on the use of proceeds of the H Share Offering; and
- (9) the undertakings regarding the disclosure of information in the A Share Offering Prospectus.

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
BIAN Yu
Chairman

Zhuji City, Zhejiang Province, the PRC
28 April 2017

Notes:

1. For the purpose of holding the Domestic Shareholders' Class Meeting, the register of members of Domestic Shares will be closed from Tuesday, 16 May 2017 to Thursday, 22 June 2017 (both days inclusive), during which period no transfer of Domestic Shares can be registered.

In order for Domestic Shareholders to be qualified to attend and vote at the Domestic Shareholders' Class Meeting all transfer document accompanied by the relevant share certificated must be lodged the registered office of the Company in the PRC at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC, no later than 4:30 p.m. on Monday, 15 May 2017.

Domestic Shareholders whose names appearing on the register of members of the Company on Monday, 15 May 2017 after close of business are entitled to attend and vote at the Domestic Shareholders' Class Meeting.

2. Domestic Shareholders who are entitled to attend and vote at the Domestic Shareholders' Class Meeting may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

3. The instrument appointing a proxy must be in writing under the hand of Domestic Shareholder or his attorney duly authorised in writing. If the Domestic Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf. If that instrument is signed by an attorney of the Domestic Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
4. In order to be valid, for Domestic Shareholders, the proxy form must be deposited at the registered office of the Company in the PRC at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC not less than 24 hours before the time for holding the Domestic Shareholders' Class Meeting. If the proxy form is signed by a person under a power of attorney or other authority, a notarised copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Domestic Shareholders from attending and voting in person at the Domestic Shareholders' Class Meeting or any adjourned meetings should they so wish.
5. Domestic Shareholders shall produce their identity documents and supporting documents in respect of the Domestic Shares held when attending the Domestic Shareholders' Class Meeting. If corporate Domestic Shareholders appoint authorised representative to attend the Domestic Shareholders' Class Meeting, the authorised representative shall produce his/her identity documents and a notarised copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Domestic Shareholders or other notarised documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Domestic Shareholders or their attorney when attending the Domestic Shareholders' Class Meeting.
6. Domestic Shareholders who intend to attend the Domestic Shareholders' Class Meeting should complete the reply slip and return it to the registered office of the Company in the PRC by hand, by post or by fax (+86 575 8705 2108) on or before Friday, 26 May 2017.
7. The Domestic Shareholders' Class Meeting is expected to take less than a day. Domestic Shareholders attending the Domestic Shareholders' Class Meeting shall be responsible for their own travel and accommodation expenses.
8. All voting at the Domestic Shareholders' Class Meeting will be conducted by poll.

NOTICE OF H SHAREHOLDERS' CLASS MEETING

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1527)

NOTICE OF H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the H Shareholders' Class Meeting of Zhejiang Tengy Environmental Technology Co., Ltd (the "**Company**") will be held at 12:30 p.m. on Thursday, 15 June 2017 at the Company's conference room, TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC (the "**PRC**") for the purposes of considering and, if thought fit, passing the following resolutions.

In this notice, unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Company's circular dated 28 April 2017 (the "**Circular**").

SPECIAL RESOLUTIONS

To consider and approve:

- (1) the Proposed A Share Offering;
 - (a) Type of securities to be issued;
 - (b) Nominal value per Share;
 - (c) Stock exchange for the proposed listing of the A Shares;
 - (d) Offering size;
 - (e) Target subscribers;
 - (f) Method of offering;
 - (g) Pricing methodology;
 - (h) Method of underwriting;
 - (i) Conversion of the form of the Company;
 - (j) Validity period of the resolution for the Proposed A Share Offering; and
 - (k) Right attached to the A Shares to be issued pursuant to the Proposed A share Offering.

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (2) the grant of authorisation to the Board to deal with all matters relating to the Proposed A Share Offering;
- (3) the plan for distribution of profits accumulated before the Proposed A Share Offering; and
- (4) the use of proceeds of the Proposed A Share Offering and the feasibility analysis.

ORDINARY RESOLUTIONS

To consider and approve:

- (5) the future dividend plan for the three years after the Proposed A Share Offering;
- (6) the A Share price stabilisation plan for the three years after the Proposed A Share Offering;
- (7) the dilution of immediate return as a result of the Proposed A Share Offering and remedial measures;
- (8) the report on the use of proceeds of the H Share Offering; and
- (9) the undertakings regarding the disclosure of information in the A Share Offering Prospectus.

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
BIAN Yu
Chairman

Zhuji City, Zhejiang Province, the PRC
28 April 2017

Notes:

1. For the purpose of holding the H Shareholders' Class Meeting, the register of members of H Shares will be closed from Tuesday, 16 May 2017 to Thursday, 22 June 2017 (both days inclusive), during which period no transfer of H Shares can be registered.

In order for H Shareholders to be qualified to attend and vote at the H Shareholders' Class Meeting all transfer document accompanied by the relevant share certificated must be lodged with the H Share Registrar Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 15 May 2017.

H Shareholders whose names appearing on the register of members of the Company on Monday, 15 May 2017 after close of business are entitled to attend and vote at the H Shareholders' Class Meeting.

2. H Shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.

NOTICE OF H SHAREHOLDERS' CLASS MEETING

3. The instrument appointing a proxy must be in writing under the hand of a H Shareholder or his attorney duly authorised in writing. If the H Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf. If that instrument is signed by an attorney of the H Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
4. In order to be valid, for H Shareholders, the proxy form must be deposited at the H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the H Shareholders' Class Meeting. If the proxy form is signed by a person under a power of attorney or other authority, a notarised copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude H Shareholders from attending and voting in person at the H Shareholders' Class Meeting or any adjourned meetings should they so wish.
5. H Shareholders produce their identity documents and supporting documents in respect of the Shares held when attending the H Shareholders' Class Meeting. If corporate H Shareholders appoint authorised representative to attend the H Shareholders' Class Meeting, the authorised representative shall produce his/her identity documents and a notarised copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate H Shareholders or other notarised documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the H Shareholders or their attorney when attending the H Shareholders' Class Meeting.
6. H Shareholders who intend to attend the H Shareholders' Class Meeting should complete the reply slip and return it to the office of the H Share Registrar, Tricor Investor Services Limited, by hand, by post or by fax (+852 2810 8185) on or before Friday, 26 May 2017.
7. The H Shareholders' Class Meeting is expected to take less than a day. H Shareholders attending the H Shareholders' Class Meeting shall be responsible for their own travel and accommodation expenses.
8. All voting at the H Shareholders' Class Meeting will be conducted by poll.