



**Universal Scientific Industrial (Shanghai) Co., Ltd.**  
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## **Universal Scientific Industrial (Shanghai) Co., Ltd.**

### **Procedural Rules of the Board of Directors**

#### **Article 1** Objective

To further standardize the operational and decision-making procedures of the Board of Directors of Universal Scientific Industrial (Shanghai) Co., Ltd. (hereinafter referred to as "the Company"), these rules are formulated in accordance with the Company Law and Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and the Articles of Association of the Company (hereinafter referred to as "*the Articles of Association*"),

#### **Article 2** Office of the Board of Directors

The Office of the Board of Directors shall be set up under the Board of Directors to handle the daily affairs of the Board of Directors.

The Secretary of the Board of Directors or the Securities Affairs Representative shall concurrently serve as the head of the Office of the Board of Directors and keep the seal of the Board of Directors and the seal of the Office of the Board of Directors.

#### **Article 3** Meetings of the Board of Directors are divided into regular and ad hoc meetings.

The Board of Directors shall hold regular meetings at least once in the first and second half of the year.

#### **Article 4** Proposals for Regular Meetings

Before issuing the notice of convening a regular meeting of the Board of Directors, the Office of the Board of Directors shall fully solicit the opinions from all directors, and submit the preliminary proposals to the Chairman of the Board of Directors ("Chairman of the Board") for formulation of final proposals.

The Chairman of the Board shall solicit the opinions from managers and senior management if necessary before formulating the proposals.

#### **Article 5** Ad hoc Meetings

The Chairman of the Board shall convene an ad hoc meeting of the Board of Directors under any of the following circumstances:

- (1) Shareholders representing more than one tenth of the voting rights propose the convening



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of a meeting;

- (2) More than one third of the directors jointly propose the convening of a meeting;
- (3) The Board of Supervisors proposes the convening of a meeting;
- (4) The Chairman of the Board deems it necessary;
- (5) More than one half of the independent directors propose the convening of a meeting;
- (6) General Manager proposes the convening of a meeting;
- (7) The securities regulatory authority requires the convening of the meeting;
- (8) Other circumstances stipulated in the Articles of Association.

#### **Article 6**

Where an ad hoc meeting of the Board of Directors is proposed in accordance with the preceding provisions, a written proposal signed (sealed) by the proposer shall be submitted to the Chairman of the Board. The written proposal shall contain the following information:

- (1) The name of the proposer;
- (2) The reasons for the proposal or the facts on which the proposal is based;
- (3) The time or time limit, venue and form of the proposed meeting;
- (4) Clear and specific proposals;
- (5) Contact information of the proposer, proposed date, etc.

The contents of the proposal shall be within the scope of authority of the Board of Directors as stipulated in *the Articles of Association*, and the materials related to the proposal shall be submitted together.

After receiving the above-mentioned written proposal and relevant materials, the Office of the Board of Directors shall deliver it to the Chairman of the Board on the same day. If the Chairman of the Board believes that any contents of the proposal are not clear or specific enough or the relevant materials are insufficient, he or she may request the proposer to modify or supplement it. If the Chairman of the Board believes that any contents of the proposal are not clear or specific enough or the relevant materials are insufficient, he or she may request the proposer to modify or supplement it.

The Chairman of the Board shall convene and preside over the meeting of the Board of Directors within 10 days after receiving the proposals or the request of the securities regulator.

#### **Article 7**

##### **Convening and Hosting the Meeting**

The meeting of the Board of Directors shall be convened and presided over by the Chairman of the Board; if the Chairman is unable to or fails to perform his or her duties, the Vice Chairman shall perform his or her duties; if there is no vice Chairman or the Vice Chairman is unable to or fails to perform his or her duties, more than a half of the directors shall jointly nominate a director to perform these duties.



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**Article 8** Notice of the Meeting

For the convening of regular and ad hoc meetings of the Board of Directors, the Office of the Board of Directors shall submit the written notice of the meeting stamped by the Office of the Board of Directors to all directors and supervisors, the manager and the Secretary of the Board by direct delivery, such as fax, e-mail or other means, 10 days and 5 days in advance. In case of indirect delivery, confirmation shall also be made by telephone with corresponding records.

In case of emergency to convene an ad hoc meeting of the Board of Directors as soon as possible, the notice of the meeting may be sent by telephone or other oral means at any time, but the convener shall make an explanation at the meeting.

**Article 9** The Meeting Notice

The written notice of the meeting shall at least include the following information:

- (1) The time and venue of the meeting;
- (2) The form of the meeting;
- (3) Matters to be deliberated (meeting proposals);
- (4) The convener and host of the meeting, the proposer of the ad hoc meeting and written proposals;
- (5) Meeting materials necessary for directors to vote;
- (6) The requirement that the directors shall attend the meeting in person or entrust other directors to attend the meeting on their behalf;
- (7) Contact person and contact information.

The oral notice of the meeting shall at least include the contents of item (1) and (2) above, and the explanation that the ad hoc meeting of the Board of Directors needs to be convened as soon as possible in case of emergency.

**Article 10** Change in Notice of the Meeting

After the written Meeting Notice of the regular meeting of the Board of Directors is issued, if it is necessary to change the time and venue of the meeting or add, change or cancel the meeting proposal, a written notice shall be issued three days before the original meeting date, stating the situation and providing relevant materials of the new proposal. If the meeting is set within three days, the date of the meeting shall be postponed accordingly or held on schedule after obtaining the approval of all the participating directors.

After the written Meeting Notice of the ad hoc meeting of the Board of Directors is issued, if it is necessary to change the time and venue of the meeting or add, change or cancel the meeting proposal, it shall be approved by all the participating directors in advance with corresponding



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records being made.

#### **Article 11** Holding of the Meeting

The meeting of the Board of Directors may be held only if a majority of the directors are present. If the relevant directors refuse to or fail to attend the meeting, causing failure to meet the minimum number of directors required for the meeting, the Chairman and the Secretary of the Board of Directors shall report to the regulatory authority in a timely manner.

The supervisors may sit in on the meeting of the Board of Directors; the General Manager and the Secretary of the Board of Directors shall sit in on the meeting if they do not concurrently serve as directors. The host of the meeting may notify other relevant personnel to sit in on the meeting of the Board of Directors if he or she deems it necessary.

#### **Article 12** Attendance in Person and by Proxy

In principle, directors shall personally attend the meeting of the Board of Directors. Directors unable to attend the meeting shall review the meeting materials in advance, form clear opinions, and entrust other directors to attend the meeting on his or her behalf in the form of writing.

The power of attorney shall specify:

- (1) The name of the principal and the trustee;
- (2) Brief comments of the principal on each proposal;
- (3) The scope of authorization of the principal and the instructions on the voting of the proposal;
- (4) Name, date signed by the principal.

Where a director is entrusted to sign written confirmation opinions on the regular report on another director's behalf, special authorization shall be given in the power of attorney.

The entrusted director shall submit a written power of attorney to the host of the meeting, and explain the entrusted presence in the attendance book of the meeting.

#### **Article 13** Restrictions on Attendance by Proxy

The principles below shall be followed in entrusting others to attend the meeting of the Board of Directors:

- (1) When reviewing related transactions, the non-related director shall not entrust the related director to attend on his behalf, nor shall the related director accept the entrustment of the non-related director;
- (2) An independent director may not entrust a non-independent director to attend on his or



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her behalf, and a non-independent director may not accept the entrustment of an independent director;

(3) A director may not entrust other directors to attend on his or her behalf without stating his or her personal opinion and voting instructions on the proposal, nor may the relevant directors accept the entrustment with full power or the entrustment with unclear authorization.

(4) A director may not accept the entrustment of more than two directors, nor may a director entrust another director who has accepted the entrustment of two other directors to attend on his or her behalf.

#### **Article 14** Method of Holding the Meeting

The meeting of the Board of Directors shall be held on site in principle. If necessary, on the premise of ensuring that the directors fully express their opinions, with the consent of the convener (host) and the proposer, the meeting may also be held by means of video, telephone, fax or e-mail voting. The meeting of the Board of Directors may also be held on site and simultaneously by other means.

If the meeting is not held on site, the number of directors present at the meeting shall be calculated by video display of the directors present, the directors who express their opinions in the teleconference, the valid votes by fax or e-mail received within the specified time limit, or the written confirmation letter of attendance submitted by the directors after the meeting.

#### **Article 15** Procedures of the Meeting

The host of the meeting shall request the directors present at the meeting of the Board of Directors to clearly express their opinions on the proposals.

For the proposal requiring the prior approval of the independent directors according to the regulations, the host of the meeting shall, before discussing the relevant proposal, designate an independent director to read out the written approval opinions reached by the independent directors.

Where a director obstructs the normal process of the meeting or affects the speech of other directors, the host of the meeting shall stop it in a timely manner.

The meeting of the Board of Directors shall not vote on a proposal not included in the notice of the meeting except with the unanimous consent of all the directors present. Where a director accepts the entrustment of another director to attend the meeting of the Board of Directors on his or her behalf, the director shall not vote on the proposal not included in the notice of the meeting on behalf of the other director.



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**Article 16** Making Comments

The directors shall carefully read the relevant meeting materials and express their opinions independently and prudently on the basis of fully understanding the proposals.

Before the meeting, the directors may collect the information required for decision-making from the Office of the Board of Directors, the convener, managers and other senior management, various special committees, accounting firms, law firms and other relevant personnel and institutions, and may also suggest to the host during the meeting that representatives of the above-mentioned personnel and institutions be invited to the meeting to explain the relevant situation.

**Article 17** Voting

After complete discussion of each proposal, the host shall timely submit it to the participating directors for voting.

The voting shall be conducted by open ballot in the form of writing with one vote from each person.

Votes of the directors are divided into consent, opposition and abstention. The directors present at the meeting shall choose one of the above intentions. If they do not make a choice or choose more than two intentions at the same time, the host of the meeting shall request the relevant directors to make a new choice. If they refuse to choose, they shall be deemed as abstention; if they leave the meeting venue during the meeting without making a choice, they shall be deemed as abstention.

**Article 18** Vote Counting and Voting Results

After the directors attending the meeting complete the voting process, the Securities Affairs Representative and the relevant staff of the Office of the Board of Directors shall timely collect the votes of the directors and submit them to the Secretary of the Board of Directors for counting under the supervision of a supervisor or an independent director.

In case of on-site meeting, the host of the meeting shall announce the voting results on the spot; in other cases, the host of the meeting shall require the Secretary of the Board of Directors to notify the directors of the voting results before the next working day after the specified voting time.

Where a director votes after the host of the meeting announces the voting result or after the designated voting time limit expires, the director's vote shall not be counted.

**Article 19** Formation of Resolutions



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Except for the circumstances specified in Article 20, more than half of the directors of the Company must vote in favor of the proposal before the Board of Directors approves the proposal of the meeting and forms relevant resolutions. Where laws, administrative regulations and *the Articles of Association* stipulate that the resolution of the meeting of the Board of Directors shall be formed with the consent of more directors, such provisions shall prevail.

In accordance with the provisions of the *Articles of Association*, to make a resolution on the guarantee matters within its authority, the Board of Directors shall obtain approval of more than two thirds of the directors present at the meeting in addition to the consent of a majority of all the directors of the Company.

In accordance with the provisions of item (3),(5) and (6) of Article 22 of *the Articles of Association*, the resolution of the Board of Directors to acquire the shares of the Company shall be made by the meeting of the Board of Directors attended by more than two thirds of the directors.

In case of any contradiction in the content and meaning of different resolutions, the resolution formed later shall prevail.

#### **Article 20** Recusal

In case of the following circumstances, the directors shall recuse himself or herself from voting on the relevant proposals:

- (1) The circumstances under which directors shall recuse as stipulated in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange;
- (2) The circumstances in which the director himself thinks that he should recuse;
- (3) Other circumstances stipulated in the *Articles of Association* that the directors must recuse due to their affiliated relationship with the enterprise involved in the proposal of the meeting.

In the case of recusal from voting, the relevant meeting of the Board of Directors may be held only if a majority of the non-affiliated directors are present, and the resolution shall be adopted by a majority of the non-affiliated directors. If a total of less than three unrelated directors attend the meeting, the relevant proposal shall not be voted on, but submitted to the General Meeting of Shareholders for deliberation.

#### **Article 21** No Exceeding Authority

The Board of Directors shall act in strict accordance with the authorization of the General Meeting of Shareholders and *the Articles of Association*, and shall not exceed its authority to form a resolution.



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**Article 22** Special Provisions on Profit Distribution

If a resolution needs to be made on the distribution of the Company's profits at the meeting of the Board of Directors, the Certified Public Accountant should be notified of the distribution plan to be submitted to the Board of Directors for deliberation, and the Certified Public Accountant is required to issue a draft audit report accordingly (all financial data except for the distribution have been determined). After the Board of Directors makes a resolution on distribution, it shall require the Certified Public Accountant to issue a formal audit report, and the Board of Directors shall make a resolution on other relevant issues of the regular report according to the formal audit report.

**Article 23** Treatment of Non-adopted Proposals

If the proposal is not adopted, the meeting of the Board of Directors shall not consider the same proposal within one month when the relevant conditions and factors have not changed significantly.

**Article 24** Suspension of Voting

If more than a half of the directors or more than two independent directors attending the meeting believe that the proposal is not clear or specific, or they cannot make a judgment on the relevant issues due to insufficient meeting materials or other reasons, the host shall request the meeting to suspend voting on the proposal.

The director who proposes the suspension of voting shall make clear requirements on the conditions to be met for the proposal to be submitted for deliberation again.

**Article 25** Recording of Meeting

The whole process of the meeting of the Board of Directors held on site or by video or telephone can be recorded if necessary.

**Article 26** Minutes of Meeting

The Secretary of the Board of Directors shall arrange the staff of the Office of the Board of Directors to make records of the meeting of the Board of Directors. The minutes shall include the following information:

- (1) The session information and the time, venue and form of the meeting;
- (2) Notification of the meeting;
- (3) Convener and host of the meeting;





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- (4) The attendance of directors in person or by proxy;
- (5) The proposals deliberated at the meeting, the key points and main opinions of each director on relevant issues, and the voting intention on the proposals;
- (6) The manner and voting result on each proposal (specifying the number of votes for, against and abstention);
- (7) Other matters that the directors attending the meeting believe should be recorded.

**Article 27** Signature of Directors

The directors attending the meeting shall sign and confirm the meeting minutes and the resolution minutes on behalf of themselves and the directors they are entrusted by. If the directors attending the meeting have different opinions on the minutes of the meeting or the minutes of the resolution, they may make a written explanation when signing. If necessary, it shall report to the regulatory authorities in a timely manner, and may also make a public statement.

Where the director neither signs for confirmation in accordance with the provisions of the preceding paragraph nor makes a written explanation of his or her opinions, it shall be deemed that he or she fully agrees with the contents of the meeting minutes and resolutions.

**Article 28** Announcement of Resolution

The announcement of the resolutions of the Board of Directors shall be handled by the Secretary of the Board of Directors in accordance with relevant provisions of *the Rules Governing the Listing of Stocks on Shanghai Stock Exchange*. Before the announcement of the resolution is disclosed, the directors attending the meeting, the non-voting personnel, recording and service personnel attending the meeting shall have the obligation to keep the contents of the resolution confidential.

**Article 29** Implementation of Resolutions

The Chairman of the Board shall urge the relevant personnel to implement the resolutions of the Board of Directors, inspect the implementation of the resolutions, and report the implementation of former resolutions at the subsequent meetings of the Board of Directors.

**Article 30** Preservation of Conference Archives

The archives of the meeting of the Board of Directors, including the notice and materials, the attendance book, the power of attorney for the directors, the recordings, the voting materials, the meeting minutes signed and confirmed by participating directors, the announcement of the resolution, etc. shall be kept by the Secretary of the Board of Directors.



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The archives of the meeting of the Board of Directors shall be kept for more than ten years.

**Article 31** Supplementary Provisions

In these rules, "above" before a figure in these rules shall not include that figure.

These rules shall come into force after being formulated by the Board of Directors and approved by the General Meeting of Shareholders, and the same shall apply to any amendments.

The Board of Directors shall be responsible for the interpretation of these rules.