

# **Rules for Offering of Shares on the National Equities Exchange and Quotations (for Trial Implementation)**

## **Chapter 1      General Provisions**

- Article 1      The *Rules for Offering of Shares on the National Equities Exchange and Quotations* (the “*Rules*”) is formulated in accordance with the *Measures for the Supervision and Administration of Unlisted Public Companies* (the “*Measures*”), the *Interim Measures for the Administration of National Equities Exchange and Quotations Co. Ltd.*, the *Rules of the National Equities Exchange and Quotations (for Trial Implementations)* (the “*NEEQ Rules*”) and other applicable rules to regulate the offering of shares by NEEQ-admitted companies and protect the lawful rights and interests of investors.
- Article 2      For the purposes of the *Rules*, “offering of shares” refers to the issuance of shares to qualified investors by a NEEQ-admitted company which will have no more than 200 shareholders in total after such offering.
- To make an offering of shares as prescribed in the *Rules*, a NEEQ-admitted company shall file such offering with National Equities Exchange and Quotations Co., Ltd. (“NEEQ Co., Ltd.”).
- Article 3      A NEEQ-admitted company must ensure the disclosure of information in connection with its offering of shares is true, accurate, complete, timely and fair and contain no misrepresentation, misleading statement or material omission.
- The controlling shareholder and de facto controller of the NEEQ-admitted company, investors at whom the offering of shares is targeted (“targeted investors”) and other parties with information disclosure obligations shall timely provide their information to the company as required and cooperate with the company in fulfilling its information disclosure obligation.
- Article 4      The directors, supervisors, senior officers, controlling shareholder and de facto controller of a NEEQ-admitted company as well as its chief agency broker, accounting firm, law firm and other securities service providers and their relevant personnel shall act with due care and diligence in accordance with applicable laws, regulations, administrative rules, normative documents and rules,

may not take advantage of the company's offering of shares to seek illegal gains and are prohibited from disclosing inside information and using such information to transfer shares or manipulate the transfer price of shares.

Article 5 In connection with its offering of shares, a NEEQ-admitted company and its chief agency broker shall choose the targeted investors and determine the offering price or the offering price range in accordance with the principles of fairness and justice to protect the lawful rights and interests of the company and its shareholders.

Article 6 Applicable regulations will be separately formulated with respect to NEEQ-admitted companies' offering of shares which causes a change in their controlling shareholder or de facto controller.

Applicable regulations will be separately formulated with respect to NEEQ-admitted companies' offering of shares the proceeds from which are used to purchase assets leading to a major asset reorganization and after which the total number of their shareholders will be less than 200.

## **Chapter 2 Offering Requirements and Subscription Rules**

Article 7 To make an offering of shares, a NEEQ-admitted company shall meet the requirements of the *Measures* for corporate governance, information disclosure and targeted investors.

Article 8 If a NEEQ-admitted company which makes an offering of shares allows the targeted investor to subscribe in cash for the shares being offered, the company's existing shareholders shall, under the same conditions as for the targeted investors, have the pre-emptive right to the shares being offered. The maximum number of shares to which each shareholder has the pre-emptive right shall be the product of his/her shareholding ratio on the record date and the maximum number of shares being offered in the offering.

If there are different provisions on the pre-emptive right in the company's articles of association, such provisions shall apply.

Article 9 Any targeted investor in an offering of shares who undertakes to restrict the transfer of the shares subscribed by it/him shall abide by and disclose such undertaking.

Article 10 Targeted investors in an offering of shares may, in cash or non-cash assets, subscribe for the shares being offered.

### **Chapter 3 Resolutions of the Board of Directors and Shareholders' Meeting**

Article 11 The board of directors of a NEEQ-admitted company shall make a resolution on matters in connection with its offering of shares.

Article 12 The board of directors of a NEEQ-admitted company shall meet the following requirements when making a resolution in relation to its offering of shares:

- (1) If specific targeted investors are identified in the resolution of the board of directors, the resolution shall specify such matters as the specific targeted investors (whether they are related parties of the company) and their subscription price, the number or maximum number of shares to be subscribed for by them and the procedures for exercise of pre-emptive rights by the existing shareholders. Such procedures shall set forth subscription arrangements for shares to which any existing shareholders waives their pre-emptive right.

Any conditional share subscription contract by and between a targeted investor identified in the resolution (other than any existing shareholder) and the company shall be subject to the approval of the board of directors.

- (2) If the resolution of the board of directors fails to identify specific targeted investors, the resolution shall specify such matters as the scope of the targeted investors, the offering price range, the method for determination of the offering price, the maximum number of shares to be offered and the procedures for exercise of pre-emptive rights by the existing shareholders;
- (3) If the targeted investors subscribe for, in non-cash assets, the shares to be offered, the resolution of the board of directors shall specify, among other things, the counterparties (whether they are related parties of the company), the underlying assets, the pricing principle for such assets and the audit and valuation of such assets; and
- (4) The board of directors shall state the purposes for which the proceeds from the offering will be used.

Article 13 If specific targeted investors are identified in the resolution of its board of directors, a NEEQ-admitted company shall conclude a conditional share subscription contract with each of the targeted investors.

The subscription contract as described in the preceding paragraph shall set out the number or maximum number of shares which the targeted investors intends to subscribe for, the subscription price and the lock-up period and shall also stipulate that such contract will become effective immediately after the offering of shares is approved by the board of directors or shareholders' meeting of the company.

Article 14 The shareholders' meeting of a NEEQ-admitted company shall make a resolution on its offering of shares and other related matters.

Article 15 If the board of directors of a NEEQ-admitted company, by resolution, makes a material adjustment to the share offering plan approved by its shareholders' meeting, the company shall reconvene the shareholders' meeting to deliberate the adjusted share offering plan in accordance with Article 14 hereof.

#### **Chapter 4 Offering of Shares and Filings**

Article 16 If specific targeted investors are identified in the resolution of its board of directors, a NEEQ-admitted company shall make its offering of shares in accordance with the *Rules*, applicable requirements and the share subscription contract entered into the targeted investors; if there is any pre-emptive right arrangement, the company shall perform the applicable procedures for its existing shareholders to exercise their pre-emptive rights.

Article 17 If no specific targeted investor is identified in the resolution of its board of director, the company and its chief agency broker may build a book by accepting bids from bidders who comply with applicable investor suitability rules, including the company's shareholders, the brokerage clients of the chief agency broker, institutional investors, collective trust schemes, securities investment funds, asset management schemes of securities companies and other individual investors.

Article 18 A NEEQ-admitted company and its chief agency broker shall receive subscription bids from any of the identified bidders; and the chief agency broker shall, based on subscription bids from the bidders and the price priority principle

and considering the number of shares to be subscribed for by the bidders or other factors, negotiate with the company to determine the targeted investors, the offering price and the number of shares to be offered.

If any existing shareholders exercise their pre-emptive rights, the company shall give priority to the satisfaction of the need of the existing shareholders to subscribe for the shares at the same subscription price as applicable to the targeted investors.

- Article 19 After determining the offering price in accordance with Article 18 hereof, a NEEQ-admitted company shall enter into a formal subscription contract with each of the targeted investors, under which contract, the targeted investor shall make a payment for the shares subscribed for by it/him.
- Article 20 A NEEQ-admitted company shall timely perform the capital verification procedures upon the completion of the subscription process for the shares being offered in its offering of shares and the capital verification report shall be issued by an accounting firm qualified to provide securities and futures-related services.
- Article 21 The chief agency broker and law firm engaged by a NEEQ-admitted company in connection with its offering of shares shall issue their respective written opinions on the offering of shares based on their due diligence.
- Article 22 A NEEQ-admitted company shall, within ten transfer days upon the completion of the capital verification process, perform the filing procedures by submitting materials to NEEQ Co., Ltd. as required.
- Article 23 NEEQ Co., Ltd. will review the materials submitted by a NEEQ-admitted company and will, based on the review results, issue a share registration letter which shall be served on the NEEQ-admitted company and delivered to the China Securities Depository and Clearing Corporation Limited (“CSDC”) and its chief agency broker.
- If the shares being offered in an offering of shares are subscribed for in non-cash assets and the transfer of the title to the assets involved has not been completed or there is a material legal defect in such assets, NEEQ Co., Ltd. will not issue a share registration letter.
- Article 24 A NEEQ-admitted company shall, in accordance with relevant requirements of CSDC, apply to CSDC for registration of its shares and obtain a share

registration certificate from CSDC.

The chief agency broker of the company shall help the company perform the share registration procedures at CSDC based on the share registration letter.

Upon the completion of the share registration procedures by the company, its additional shares will be admitted to transfer on NEEQ in accordance with the time schedule specified in the admission to transfer announcement.

## **Chapter 5      Information Disclosure**

- Article 25    A NEEQ-admitted company shall disclose announcements on the resolutions of its board of directors and shareholders' meeting, in each case, within two transfer days upon the approval of the resolutions on the offering of shares by the board of directors and the shareholders' meeting.
- Article 26    If the shares being offered in a NEEQ-admitted company's offering of shares are subscribed for in non-cash assets and the audit and valuation of such assets are involved during the subscription process, the audit or valuation results shall be announced no later than the notice of its shareholders' meeting is published.
- Article 27    When disclosing the resolution of its board of directors, a NEEQ-admitted company shall also disclose the share offering plan approved by the board of directors.
- Article 28    A NEEQ-admitted company shall, prior to the payment period, disclose a share offering and subscription announcement which shall disclose the record date, the participation of investors in the book-building and pricing process, the principle and method for allotment of shares and the arrangement for exercise of pre-emptive rights by existing shareholders (if any) and specify the payment arrangements for existing shareholders and new investors.
- Article 29    A NEEQ-admitted company shall disclose a report on its offering of shares, a legal opinion on such offering of shares, its chief agency broker's opinion on the compliance of such offering of shares with laws and regulations and an admission to transfer announcement.

## **Chapter 6      Regulatory Measures and Disciplinary Sanctions**

Article 30    NEEQ Co., Ltd. will, in accordance with the *NEEQ Rules* and relevant requirements, take appropriate regulatory measures and disciplinary sanctions against a NEEQ-admitted company or its directors, supervisors, senior officers, shareholders, de facto controller and other parties with information disclosure obligations, its chief agency broker, accounting firm, law firm or other securities service providers that violates the *Rules* and other applicable requirements.

## **Chapter 7      Supplementary Provisions**

Article 31    If a company makes an offering of shares when applying to be admitted to NEEQ, the company shall disclose such matters as the resolutions of its board of directors and shareholders' meetings in its Public Transfer Prospectus and comply with the applicable rules of NEEQ Co., Ltd.

Article 32    For any offering of shares which shall be approved by the China Securities Regulatory Commission ("CSRC"), a company shall, after obtaining an approval from CSRC, complete the share admission procedures in accordance with the requirements of NEEQ Co., Ltd.

Article 33    Specific rules governing the issuance of preferred shares by NEEQ-admitted companies will be separately formulated by NEEQ Co., Ltd.

Article 34    NEEQ Co., Ltd. reserves the right to interpret the *Rules*.

Article 35    The *Rules* shall come into effect as of the date of issuance.