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Ningbo Joyson Electronic Corporation

Internal Report Policy of Material Information

Chapter One General Principles

Article 2: According to this policy, when the situations or events that possibly have m price (including the price of relevant derivative products) occur or are about to happen, the relevant personnel / companies who have the reporting obligations according to this policy shall report the relevant information to the listed company immediately.

Article 3: The relevant personnel / companies who have the reporting obligations include:

, and department heads;

(2) The company s top management;

ultimate controllers;

(4) Other shareholders holding more than 5% of the company's shares;

(5) Other persons who may be aware of the company's major events.

Article 4: This policy applies to the company, the company s wholly-owned subsidiaries and joint ventures; if the national laws, regulations or regulatory documents have certain requirement regarding ual controllers and other shareholders who held

this policy also applies.

Chapter Two Scope of Material Information

Article 5: The company's material information includes but is not limited to the following matters and the associated progresses of the matters which occurred or are about to happen in the company, its subsidiaries, and its joint ventures:

(1) The matters to be reported to and reviewed by the company's board of directors and / or board of supervisors;

(2) The matters which have been resolved at the subsidiaries meetings of board of directors, board of supervisors and the general meeting of shareholders (including the notice of changing the date of holding the general meeting of shareholders);

(3) The following material transactions occurred or planned to take place in the company, its subsidiaries, wholly-owned subsidiaries and its joint ventures, of which includes:

1. Purchase or sale of assets (excluding purchase of raw materials, fuel and power, sale of products ,commodity as well as acquiring and selling of assets with respect of conducing daily business . However the purchase or sale of assets as part of an asset replacement deal need to be reported);

2. External investment (including entrusted financing, entrusted loans, etc.);

3. Providing financial aid;

4. Providing guarantees;

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5. Rent-in or rent-out of assets;

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6. Commissioned or entrusted to manage assets and business;

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7. Donation or accept asset donation;

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8. Creditor's rights and debt restructuring;

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9. Transfer or accepting transfer of research and development projects;

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10. Entering into the license use agreement;

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11. Other transactions identified by Shanghai Stock Exchange.

In case of the above-mentioned item 4 occurred, it is requested to be reported in a timely manner regardless of its amount. For items 1, 2 and 3, even if a transaction does not meet the following criteria, however the cumulative amount of transactions in the same category for the consecutive twelve months meets the following criteria, the reporter shall fulfill its reporting obligations. For the remaining items foresaid shall be reported under the following criteria:

1. Total amount of assets involved in the transaction (if both the book value and valuation value exist, whichever is higher) account for more than 10% of the company's audited total assets in the latest fiscal year; the total assets involved in , wholly-owned subsidiaries, and joint-ventures (if both the book value and valuation value exist, whichever is higher shall prevail) account for more than 10% of the Business Unit

4. The operating income of the target of transaction (i.e. the equity) in the latest fiscal year accounts

income in the latest fiscal year; the operating income of the target of transaction (i.e. the equity) of , wholly-owned subsidiaries, and joint-ventures in the latest fiscal year accounts for more than 10% of the Business Unit operating income in the latest fiscal year; or the operating income of the target of transaction (i.e. the equity) in the latest fiscal year exceeds RMB50 million.

The net profit of the target of transaction (i.e. the equity) in the latest fiscal year accounts

latest fiscal year; the net profit of the target of transaction (i.e. the equity) of the , wholly-owned subsidiaries, and joint-ventures in the latest fiscal year accounts for more than 10% of the Business Unit net profit in the latest fiscal year; or the net profit of the target of transaction (i.e. the equity) in the latest fiscal year exceeds RMB30million.

If the data involved in the above indicators is negative, its absolute value is adopted for the calculation. When two related transactions in the opposite direction occur at the same time as the same transaction party, the company shall calculate the reporting standard according to the higher one of the indicators related to the transaction in one direction.

(4) Related Party Transactions:

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1. The transaction as specified in item (3) above;

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2. Purchasing raw materials, etc;

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3. Selling products, goods;

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4. Providing or accepting services;

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5. Commissioned or entrusted sales;

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6. Depositing and loaning w

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7. Joint investment with related parties;

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8. Other matters that may result in the transfer of resources or obligations through agreement;

If a related party transaction has reached one of the following standards, it shall be reported promptly:

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1. Any related party transaction between the company and associated natural persons;

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2. Any related transaction between the company and related legal persons;

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3. The daily related party transactions whose estimated result of the annual total

amount has been reviewed and disclosed at the general meeting of shareholders and that exceed the reviewed and disclosed total amount during the actual execution;

The identification of related parties was subject to "Guidelines for the Implementation of Related Party Transactions of Listed Companies in Shanghai Stock Exchange" and "Management Measures of Related Transactions of Joyson Electronic Corporation".

(5) Matters in Litigation and Arbitration:

1 5000

1. Major lawsuits and arbitrations involving absolute amount exceeding RMB50 million;

2 5000

2. The total amount of lawsuits and arbitrations that occurred in the consecutive 12 months has reached RMB50 million, excluding the major lawsuits and arbitrations that have fulfilled the reporting obligations;

3

3. The litigation and arbitration matters that do not meet the above criteria or have no specific amount, but (i) the board of directors believes that they may have a greater impact on the company's share price and the price of its share s derivative products based on the particularity of the case or Shanghai Stock Exchange deems it necessary and (ii) the resolution made at the meetings of shareholders or directors was applied for revocation or declared invalid.

(6) Other Major Events:

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1. Changing the raised capital for investment project;

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2. Forecast of performance report, bulletin and profit;

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3. Profit distribution and transfer of capital reserve funds to share capital;

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4. Abnormal fluctuation in stock trading and clarification of rumors;

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5. Major matters involved in convertible corporate bonds;

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6. Matters related to the issuance, repurchase, equity incentive plans, etc. of the company's securities;

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7. Absorption and merger;

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8. Bankruptcy;

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9. Commitments made by the company and its shareholders

(7) Matters in Major Risk:

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1. The occurrence of major loss or damage;

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paid off at maturity;

3

3. The liabilities possibly held for the major breach of contract or compensation of large amount according to law;

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4. Impairment provision for large-value assets;

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5. The company decided to dissolve or be ordered to close by the competent authority according to law;

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6. The company e

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7. When the major debtor is insolvent or enters into bankruptcy proceedings, and the company does not have sufficient bad debt reserves for the corresponding claims;

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8. The main assets were sealed up, seized, frozen or mortgaged, pledged;

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9. The main or all business has come to the standstill;

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10. The company is investigated by the authorities for being suspected of violations of laws and regulations or subject to major administrative and criminal penalties;

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11. The legal representative or manager of the company is unable to perform his or her duties, and the directors, supervisors and senior management personnel have been investigated by the authorities or subject to the compulsory measures or major administrative and criminal penalties for being suspected of violations of laws and regulations;

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12. Other major risks identified by Shanghai Stock Exchange or the company.

If the above matters involve a specific amount, the provisions in Article 5(3) shall apply mutatis mutandis.

(8) Major Changes:

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1. Changes of company name, stock abbreviation, company's articles of association, registered capital, registered address, main office address, telephone number, etc.;

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2. Major changes of the operation policy and business scope;

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3. Changes in accounting policies or accounting estimates;

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new shares, convertible corporate bonds or other refinancing plans;

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5. China Securities Regulatory Commission's
Merger and Restructuring Committee, put forward review opinions on the company's new shares, convertible corporate bonds and other refinancing plans and major asset restructuring plan;

6 5%

6. Major changes occurred or being about occur for the shareholding ratio or control of shareholders or actual controllers holding more than 5% of the company's shares in the company;

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7. The company's legal representative, president, direct1rs (including

independent directors), more than one-third of the supervisors, or senior executives have been appointed, changed or resigned;

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8. Material changes in production and operation conditions, external conditions or production environment (including the major changes in product price, procurement and selling method, major suppliers or customers, etc.);

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9. The signing of important contracts may have a material impact on the company's assets, liabilities, equity, and operating results;

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10. The newly promulgated laws, administrative regulations, departmental rules policies and employee compensation and benefit plan may have a major impact on the company's operations;

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11. Appointment and dismissal of accounting firms responsible for the auditing of the company;

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12. The court ruled that it is forbidden for the controlling shareholder to transfer its/his/her shares;

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13. Other events that include (i) obtaining the additional income such as the large governmental subsidies (ii) reversal of large-value assets impairment provisions or other situations that may have a material impact on the company's assets, liabilities, equities or business results;

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14. Other circumstances as determined by Shanghai Stock Exchange or the

CEO CFO

Article 8: All departments and subordinate companies of the company shall report to the person responsible for the business after the following major events, and promptly forecast the major information that may occur within the scope of responsible department or business unit or responsible subsidiary company to the chairman of the board of directors, the board secretary and related senior executives of the listed company, after being submitted to CEO and CFO of each responsible business department for confirmation:

(1) When a department or subordinate company intends to submit the important matter to the board of directors or the board of supervisors for deliberation;

(2) When the relevant parties intend to discuss or negotiate on this important matter;

(3) When the heads of the department and branch or the directors, supervisors and senior management personnel of subsidiary company know or should know this important matter;

Article 9: All departments and subsidiaries of the company shall report to the chairman of the board of directors, the board secretary and related senior executives of the listed company on the progress of the major information matters within the scope of responsible department or within the scope of responsible subsidiary company according to the following regulations:

(1) Where the board of directors, the board of supervisors or the general meeting of shareholders makes resolutions on major events, it shall report the situation of those resolutions in a timely manner;

(2) Where the company signs the letter of intent or agreement with a party involved of major event that has been disclosed, it shall promptly report on the main contents of the letter of intent or agreement; if the content or performance of the above-mentioned letter of intent or agreement changes materially or is cancelled or terminated, it shall promptly report the circumstances or reasons for the change or cancellation or termination;

(3) Where a major event has been approved by the relevant department or has been rejected, it shall promptly report on the situation of approval or rejection;

(4) If overdue payment occurs in a major event, it shall promptly report the reasons for the overdue payment and relevant payment arrangements;

(5) Where a major event involves of deliverable or transfer of main target, it shall promptly report matters relating to the delivery or transfer; if the delivery or transfer has not been completed within three months after the agreed deadline for delivery or transfer, the company shall promptly report the reason for failure to

complete within the deadline, progress and estimated completion time, and report progress every 30 days thereafter until the completion of delivery or transfer;

(6) Any other progress or change that may have a major impact on the transaction price of the company's shares and its derivatives shall be reported in a timely manner.

Article 10: The relevant personnel who has the obligation to report material information in accordance with the provisions of this policy shall, immediately after being informed of the material information described in Chapter Two of this policy, shall report by means of face-to-face or telephone, e-mail, short message, etc. to the chairman of the board of directors, the board secretary and related senior executives of the listed company, and shall submit the written documents related to the material information directly to the secretary of the board of directors of the company within 24 hours, if necessary, the original documents shall be delivered by express mail.

Article 11: The secretary of the board of directors shall analyze and judge the major information reported in accordance with the relevant laws and regulations, regulatory documents such as "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", etc. and the relevant provisions of "Articles of Association", and if necessary to perform obligations of information disclosure, the secretary of the board of directors should immediately report to the company's board of directors and board

Article 13: The company implements the real-time reporting policy for material information. In the case that any event described in Chapter Two appears, occurs or is about to happen in the company's various departments, subordinate branches and holding subsidiaries, the person who has the reporting obligation should report the relevant information to the relevant person in charge of the business and simultaneously report such information to the chairman of the board of directors, the board secretary and related senior executives of the listed company, after being submitted to CEO and CFO of each business unit for confirmation, so as to ensure to disclose information timely, truthfully, accurately and completely without any falsehood, serious misleading statements or major omissions.

including the annual reports, interim reports and quarterly reports. The contents of the annual report, interim report and the quarterly report shall be submitted timely, accurately, truthfully and completely by all departments and subordinate companies of the company.

Article 15: The person responsible for reporting internal information, that is, the first person responsible for internal information reporting obligations, shall formulate the corresponding internal information reporting policy based on the actual conditions of the unit or department in which he/she is employed, designate the personnel who is familiar with the relevant businesses and regulations as the contact person of information report (all department liaisons are appropriated by the person in charge of the department; as for the affiliated company, the person in charge of finance or other suitable person is appropriate depending on the actual situation), be responsible for the collection and sorting of major information of the department or company and the contact with the financial department and board secretary of the listed company. The corresponding internal information reporting policy and designated information reporting liaison should be filed with the company's board of directors. The documents submitting the material information must be signed by the first responsible

of directors.

shall bear the responsibility of good faith, urge the company's various departments, subordinate branches and holding companies to collect, sort out and report major information from time to time.

Article 17: The company's directors, supervisors, senior management personnel and other personnel who has learned the information to be disclosed by the company due to work should keep the number of people knowing the information to a minimum before the relevant information has been disclosed to the public and keep confidential to the relevant information strictly, without any leakage of the company's inside information, insider trading or co-operation with others to manipulate the price of stocks and their derivatives.

Article 18: Anyone who fails to perform information reporting obligations and causes

because he/she fails to report after knowing the situation, has misconduct or violates the provisions of this policy and, which cause the company to be punished by the securities regulatory authorities and Shanghai Stock Exchange or bring the loss to the company shall be held accountable for his/her behaviors with the corresponding punishment, warning and fine and even to dismiss his/her positions, in addition, he/she may be required to bear the liability for damages.

The non-fulfilment of information reporting obligations set forth in the preceding paragraph includes but is not limited to the following situations:

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1. Failure to report information or provide relevant documents the chairman of the board of directors, the board secretary and related senior executives of the listed company;

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2. Failure to report information or provide relevant documents and information at the first time;

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3. There is a material concealment, false record, misleading statement or major omission in the information reported or documents provided due to intentional or negligent results;

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4. Refusal to reply to the relevant issues consulted by the secretary of the board

of directors and the financial department of the listed company;

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5. Other situations where information reporting obligations are inappropriately fulfilled.

Chapter Five Supplementary Provisions