

## **The Rules of Procedure of the Board of Supervisors**

### **Chapter 1 General Provisions**

- Article 1 In accordance with the Company Law of the People's republic of China (the "Company Law"), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Articles of Association of Legend Holdings Corporation (the "Company") (the "Articles of Association") and the laws of the places and the relevant regulations of the stock exchange(s) where the Company's shares are listed, the Rules are formulated based on with the Company's actual situation to regulate the Board of Supervisors' operation of the Company and ensure that the Board of Supervisors performs the duties assigned by all shareholders.
- Article 2 The Board of Supervisors shall be accountable to the shareholders' general meetings and monitor Company's financial affairs and the legality of any acts of each director and senior management officer in the discharge of his duties to protect the legitimate rights and interests of the Company and shareholders.
- Article 3 The Company shall take measures to protect the supervisors' right to know and provide necessary information and materials to the supervisors in a timely manner so that the Board of Supervisors can effectively supervise, inspect and evaluate the Company's financial status and operation and management.

### **Chapter 2 Composition and Authorities of the Board of Supervisors**

- Article 4 The Company shall have a Board of Supervisors, which shall be composed of no less than three supervisors, one of whom shall act as the chairman of the Board of Supervisors. The appointment and dismissal of the chairman of the Board of Supervisors shall be subject to the approval of two-thirds or more of its members by voting. The Board of Supervisors shall comprise shareholder representative supervisors and staff representative supervisors, and the number of staff representative supervisors shall not be less than one-third of the members of the Board of Supervisors. Of which, the staff representative supervisors shall be elected by the Company's staff and workers' congress, meetings of staff and workers or other democratic ways.

At least half of the members of the Board of Supervisors may be external supervisors (i.e. supervisors, including supervisors who are the representatives of shareholders, not holding any positions in the Company, same hereinafter), and external supervisors shall have authority to report separately to the shareholders' general meetings on the honesty and diligence of the senior management officers of the Company.

Article 5 The term of office of supervisors shall be three years. Upon maturity of the term of office, a supervisor shall be eligible to offer himself for re-election and re-appointment. If the term of office of a supervisor expires but re-election is not made responsively, or the resignation of any supervisor during his term of office results in the number of members of the Board of Supervisors being less than the statutory minimum requirement, the said supervisor shall continue fulfilling the duties as supervisor pursuant to relevant laws, administrative regulations and the Articles of Association until a new supervisor is elected.

Article 6 The directors and the senior management officers of the Company shall not act concurrently as supervisors.

Article 7 The Board of Supervisors shall exercise the following functions and powers:

- (1) to monitor any acts of directors and senior management officers in their performance of duties that violate the laws, administrative regulations and the Articles of Association, and to propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles of Association or any resolutions of shareholders' general meetings;
- (2) to demand rectification from the director(s) and senior management officer(s) when the acts of such person(s) prejudice the Company's interest;
- (3) to examine the Company's financial affairs;
- (4) to review financial information such as the financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meetings; if there is any doubt, to engage certified public accountants and practicing auditors in the name of the Company to assist their review;
- (5) to propose to convene an extraordinary general meeting; and to convene and chair the shareholders' general meeting in case the Board of Directors fails to fulfill the obligations prescribed by the Company Law to convene and chair the shareholders' general meeting;
- (6) to submit proposals to the shareholders' general meeting;

- (7) to propose to convene an extraordinary meeting of the Board of Directors;
- (8) to institute a suit to the directors or senior management officers in accordance with Article 151 of the Company Law;
- (9) to conduct an investigation if there are any unusual operation of the Company identified, and, when necessary, to engage a professional firm, such as an accountants firm or a lawyers firm, to assist in such investigation at the expense of the Company;
- (10) to exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

Supervisors may attend the board meeting.

### **Chapter 3 Convening and Voting of Meetings of the Board of Supervisors**

Article 8 The Board of Supervisors shall convene one meeting at least every six months. The supervisors can propose to convene extraordinary meeting of Board of Supervisors.

Article 9 The methods of meeting

Meetings of the Board of Supervisors shall be held on site in principle.

On the premise of protecting the full expression of the supervisors' opinions, a written resolution may be adopted in lieu of convening a meeting of Board of Supervisors on site, provided that the proposal submitted for written resolution shall be complete and comprehensive and shall be delivered to each supervisor by personal delivery, mail or fax. If Board of Supervisors has distributed its proposed resolution to all the supervisors and the number of supervisors who have signed and agreed to the resolution has reached the number required in accordance with the Articles of Association, the resolution of Board of Supervisors shall be a valid resolution and there shall be no need to convene another meeting of Board of Supervisors.

Meetings of Board of Supervisors can be held by way of teleconference or by virtue of other telecommunication device. In such meeting, so long as the participating supervisors can hear and communicate with each other, all participating supervisors are deemed as if they had participated in the meeting in person.

Article 10 Meetings of Board of Supervisors may not be held unless two-thirds of the supervisors are present.

In convening the regular or extraordinary meetings of Board of Supervisors, the staff member of the Board of Supervisors shall give a written notice of the meeting within a reasonable period before the meeting date. The notice of meeting shall be given to all supervisors by hand, email or other means. If a notice is not given by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of urgency and an extraordinary meeting of the Board of Supervisors is required to be convened as soon as possible, the notice of such meeting shall be given by telephone communication or other verbal means at any time provided that the convener of the meeting gives relevant explanation at the meeting.

Article 11 Meetings of Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to preside over the meeting, one supervisor shall be elected jointly by half or more of the supervisors to convene and preside over the meeting of the Board of Supervisors.

Article 12 Resolution of meetings of Board of Supervisors

Meetings of Board of Supervisors shall be voted in the manner of open ballot. Each supervisor has one vote.

After each proposal has been fully discussed, the Host shall timely request the attending supervisors to vote on it.

On-site meetings of the Board of Supervisors (including video conference) may be voted by a show of hands or open ballot. If a supervisor attends the meetings of Board of Supervisors by way of teleconference or by virtue of similar telecommunication device, in such meeting, so long as the on-site participating supervisors can hear and communicate with him, all participating supervisors are deemed as if they had participated in the meeting in person. On the premise that supervisors fully express their opinions, the meeting of the Board of Supervisors may be conducted and resolved by voting by way of telecommunications, which shall be signed by the attending supervisors. The voting by way of telecommunications shall be stipulated with an effective time limit. Supervisors who fail to express their opinions within the prescribed time limit shall be deemed to have abstained.

A supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his/her intention by choosing one of the three options. The Host of the meeting shall request a supervisor who fails to choose any of the above or has chosen two or more of the above to vote again. Refusal to do so shall be regarded as having abstained from voting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Article 13 Unless otherwise provided in the laws and administrative regulations, resolutions of the Board of Supervisors shall be passed by the affirmative votes of two-thirds or more of the members of the Board of Supervisors.

Article 14 The Board of Supervisors shall act in strict accordance with the authorization of the shareholders' general meetings and the Articles of Association, and shall not to act ultra vires.

Article 15 The Board of Supervisors shall record the decisions on matters discussed in the minutes, supervisors who attended the meeting shall sign the minutes of the meeting. A supervisor is entitled to request for some descriptive record to be made with regard to his speech at the meeting. The minutes of the meeting of the Board of Supervisors shall be kept in the domicile of the company.

#### **Chapter 4 Supplementary Provisions**

Article 16 The Rules shall become effective after being formulated by the Board of Supervisors and upon approval by the shareholders' general meeting, the same applies when revising.

Article 17 In the Rules, the meaning of "no less than", "within", "before" includes the underlying number.

Article 18 The Board of Supervisors is authorized by the general meeting of shareholders to interpret the Rules.

Article 19 For any matters that are not contained in the Rules or any provisions of the Rules that conflict with the laws that are enacted or amended, or the listing rules of the stock exchange(s) on which the securities of the Company are listed issued or amended, or the Articles of Association formulated or amended through legal procedures, all of which occur after the Rules come into force, the laws, the listing rules of the stock exchange(s) on which the securities of the Company are listed and the Articles of Association shall be prevailing.

*Should there be any discrepancies between the Chinese and English versions of this Rules, the Chinese version shall prevail.*