

**CHANGSHA BROAD HOMES INDUSTRIAL  
GROUP CO., LTD.**

**RULES OF PROCEDURE OF SUPERVISORY COMMITTEE**

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## CHAPTER 1. GENERAL PROVISIONS

### Article 1

These Rules have been formulated 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 Guidelines for the Articles of Association of Listed Companies, the Articles of Association of Changsha Broad Homes Industrial Group Co., Ltd. (the "Articles of Association"), laws of places where shares of the Company are listed and requirements of the stock exchange as well as taking account into the Company's actual situation in order to regulate the operation of the supervisory committee of Changsha Broad Homes Industrial Group Co., Ltd. (the "Company") and ensure the performance of the duties assigned by all shareholders by the supervisory committee. The supervisory committee will supervise the Company's financial affairs and whether the directors and senior management perform their duties legally, so as to safeguard the legitimate rights and interests of the Company and its shareholders.

### Article 2

The supervisory committee shall be accountable to the general meeting. The supervisory committee shall supervise the Company's financial affairs, the acts of directors and senior management (including the general manager, deputy general manager, financial controller, secretary to the board of directors and other personnel stipulated in the Articles of Association) in violation the laws, administrative regulations, the Articles of Association or resolutions of the general meeting when performing their duties to protect the legitimate rights and interests of the Company and shareholders.

### Article 3

The Company shall take actions to protect the supervisors' right of information and provide necessary information and materials to them in a timely manner, so that the supervisory committee can effectively supervise, inspect and evaluate the Company's financial position and operating management conditions. The Company's senior management will report the signing, performance, use of funds, profit and loss and other information of major contracts to the supervisory committee according to its requirements. The senior management must ensure the truthfulness and completeness of the relevant information.

**CHAPTER 2. COMPOSITION AND FUNCTIONS AND POWERS OF  
THE SUPERVISORY COMMITTEE**

**Article 4**                   The Company shall have a supervisory committee, which shall consist of three supervisors. The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the affirmative vote of more than half of the members of the supervisory committee.

**Article 5**                   The supervisors who are not representatives of employees shall be elected and removed by the general meeting, and the supervisors who represent the employees shall be democratically elected and removed by the Company's employees. The supervisors who represent the Company's employees shall not be less than one-third of the supervisors. Supervisors shall serve for a term of three years and shall be eligible for re-election upon expiry of their terms of office.

**Article 6**                   Supervisors may resign before the expiration of their term of office, provided that a written resignation report shall be submitted to the supervisory committee.

Where the resignation of supervisors causes the number of members of the supervisory committee to be less than the minimum quorum, prior to the re-elected supervisors take office, the existing supervisors shall perform his/her duty as a supervisor in accordance with laws and the Articles of Association.

Except for the situations listed in the preceding paragraph, the resignation of the supervisor shall take effect when the resignation report is served on the supervisory committee.

**Article 7**                   Directors, the general manager and other senior management members may not concurrently serve as supervisors.

**Article 8**                   Supervisors may attend meetings of the board of directors and raise queries or make suggestions in respect of matters that are the subjects of resolutions of the board of directors.

**Article 9**

The supervisory committee shall exercise the following functions and powers:

- (I) to review the regular reports of the Company prepared by the board of directors and to submit written review opinions thereon;
- (II) to examine the Company's finances;
- (III) to supervise the directors, the general manager and other senior management members in the performance of their duties and to propose the removal of directors or senior management members who violate laws and administrative regulations or breach the Articles of Association or resolutions of the general meeting;
- (IV) if an act of a director or of the general manager and other senior management members is detrimental to the Company's interests, to require him/her to correct such act;
- (V) to propose the holding of extraordinary general meetings and, in the event that the board of directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting in accordance with the laws;
- (VI) to submit motions to the general meeting;
- (VII) to sue directors or senior management members in accordance with Article 151 of the Company Law;
- (VIII) to conduct an investigation and, if necessary, engage professional organizations, such as accounting firms and law firms, to assist it in its work in the event that it discovers any irregularities in the Company's operations.

The reasonable expenses incurred in engaging a professional, such as a lawyer, certified public accountant, certified auditor, etc., by the supervisory committee in exercising its functions and powers shall be borne by the Company.

**Article 10**

The chairman of the supervisory committee shall exercise the following functions and powers:

- (I) to convene and preside over a meeting of the supervisory committee;
- (II) to organize the performance of the duties of the supervisory committee;
- (III) to examine, approve and sign the supervisory committee's report and other important documents;
- (IV) to report work to the general meeting on behalf of the supervisory committee;
- (V) Other duties that shall be performed as specified in the laws, regulations and the Articles of Association.

If the chairman of the supervisory committee can not or does not perform his or her duties for some reason, a supervisor jointly elected by at least half of all supervisors shall perform such duties.

**Article 11**

When performing its supervisory duty, the supervisory committee may report the illegal issues in financial affairs of the Company and the illegal acts of Company's directors and senior management violating the laws, regulations and the Articles of Association to the board of directors and the general meeting, or directly to the securities regulatory authorities under the State Council and other relevant departments.

**Article 12**

As the administrative body for the supervisory committee, the office of secretary to the board of directors or other department designated by it shall exercise the functions of administrative body for the supervisory committee, handle daily affairs and keep the seal of the supervisory committee.

### CHAPTER 3. MEETINGS OF THE SUPERVISORY COMMITTEE

#### Article 13

At least one meeting of the supervisory committee shall be held every six months. Under any of the following circumstances, the supervisory committee shall convene an extraordinary meeting within ten days:

- (I) when the chairman of the supervisory committee deems necessary;
- (II) when more than two-thirds of the supervisors propose;
- (III) when the Company suffered or are suffering a significant loss of assets, resulting in damages on the shareholders' rights and interests;
- (IV) when the Company's directors and senior management violate laws, regulations and the Articles of Association, seriously damaging the Company's interests;
- (V) when the securities regulatory department requires to convene such a meeting;
- (VI) other circumstances stipulated by laws and the Articles of Association.

#### Article 14

Convening method

The meeting of the supervisory committee shall in principle be held on site.

Subject to ensuring the full expression by the supervisors of their opinions, voting by submitting written motions can be adopted instead of convening an on-site meeting of the supervisory committee, but such written motions shall be complete and comprehensive, and be delivered to each supervisor by hand, post or facsimile. If the supervisory committee has sent the formulated resolutions to all supervisors and supervisors signing off have reached the quorum for passing a resolution according to the Articles of Association, then the resolution is a valid one and there is no need to convene a meeting of the Supervisory Committee.

In case of emergency, the meeting of the supervisory committee can be held by way of correspondence, but the convener shall explain the specific emergency to the supervisors attending the meeting. When voting by correspondence, the supervisors shall fax their written opinions and voting intentions for the matters considered to the office of secretary to the board of directors or other department designated by it after signing them. The supervisors shouldn't only write down their voting intentions without their written opinions or reasons.

**Article 15** The meeting of the supervisory committee shall not be held unless more than half of the supervisors attend the meeting.

**Article 16** The supervisors shall attend the meeting of the supervisory committee in person. Supervisors who are unable to attend the meeting for some reason shall entrust other supervisors by a written instrument of appointment to attend the meeting on their behalf and perform their functions and powers. Such instrument of appointment shall specify:

- (I) the names of the principal and the proxy;
- (II) the principal's brief opinion on each motion;
- (III) the scope of authorization granted by the principal and his or her instructions on voting preferences with respect to the motions;
- (IV) the term of validity of the appointment; and
- (V) whether the proxy has the voting power for interim motions that may be included in the agenda of the meeting of the supervisory committee, if yes, the specific instructions for exercising which kind of voting power; and
- (VI) the principal's signature or seal and the date.

The supervisor attending the meeting on behalf of the absent supervisor shall exercise the supervisor's rights to the extent authorized. If a supervisor fails to attend a meeting of the supervisory committee and has not appointed a proxy to attend the meeting on his or her behalf, he or she shall be deemed to have waived his or her right to vote at such meeting.

**Article 17** The supervisors shall not fully authorise other supervisors to attend the meeting without giving their personal opinions and voting intentions on the proposal, and the relevant supervisors shall not accept full appointment and appointment with unclearly defined authorisation.

**Article 18** Each supervisor can only accept the appointment by one supervisor, nor can a supervisor appoint the other supervisor who has been appointed by other supervisors to attend on his/her behalf.



## CHAPTER 4. PROCEDURES FOR THE SUPERVISORY COMMITTEE

### **Article 19** Motions for the meeting of the supervisory committee

The supervisory committee proposes motions mainly according to the matters for consideration of the board of directors and the matters to be proposed by the supervisors. The office of secretary to the board of directors or other department designated by it is responsible for collecting matters for the consideration of the board of directors and the matters to be proposed by the supervisors, which shall be submitted to the chairman of the supervisory committee for decision on whether to submit the same to the supervisory committee for consideration.

### **Article 20** Notice of the meeting of the supervisory committee

The chairman of the supervisory committee will convene the meeting of the supervisory committee and issue a notice of the meeting. To convene a regular meeting or extraordinary meeting, the office of secretary to the board of directors or other department designated by it shall deliver a written conference notice affixed with the seal of the office of secretary to the board of directors or other department designated by it to all supervisors by hand, post or facsimile 10 and 5 days, respectively, before the meeting.

If an extraordinary meeting of the supervisory committee is required to be held in case of emergency, the notice of the meeting can be issued by telephone or other oral means at any time, but the convener shall make an explanation at the meeting.

### **Article 21** A notice of a meeting of the supervisory committee shall include the following particulars:

- (I) the date, venue and duration of the meeting;
- (II) the reason for holding the meeting and the topics to be discussed thereat;
- (III) the names of the meeting convener and chairman, the name of the person who proposed the extraordinary meeting and his or her written proposal;

- (IV) the meeting materials necessary for the vote by the supervisors;
- (V) a request that a supervisor attend the meeting in person or that he or she appoint another supervisor to attend the meeting on his or her behalf;
- (VI) the name of the contact person and his or her contact information;
- (VII) the date of issuance of the notice.

The oral notice of the meeting shall at least include the contents of items (I) and (II) in the preceding paragraph, as well as the explanation as to the reason for holding an extraordinary meeting of the supervisory committee as soon as possible in case of emergency.

**Article 22**

After issuing the notice and before the meeting, the office of secretary to the board of directors or other department designated by it is responsible for organizing and arranging the communication with all supervisors to obtain the supervisors' opinions or advice on relevant motions for the purposes of improving the motions. The office may require the directors, senior management and other employees of the Company or professionals of relevant intermediaries to be present at the meeting to accept inquires where necessary.

**Article 23**

After the written notice of a regular meeting of the supervisory committee is issued, if it is required to change the time, venue and other matters of the meeting or add, change or cancel a motion, a written notice of change shall be issued 3 days prior to the original date of the meeting, explaining the conditions and describing relevant contents and information of the new motion. If the notice is issued less than 3 days before the meeting, the meeting shall be postponed correspondingly or held as scheduled with approval of all the supervisors attending the meeting.

After the notice of an extraordinary meeting of the supervisory committee is issued, if it is required to change the time, venue and other matters of the meeting or add, change or cancel a motion, prior approval from all the supervisors attending the meeting shall be obtained and corresponding records shall be kept.

**Article 24**

The meeting of the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman is unable to preside over the meeting, a supervisor elected by at least one-half of the supervisors shall convene and preside over the meeting of the supervisory committee. After a general election for the supervisory committee is held at the general meeting, the supervisor most voted at the general meeting will preside over the meeting to elect the chairman of the supervisory committee.

**Article 25**

Consideration Procedure of the Meeting

The chairman of the meeting shall announce the commencement of the meeting at the scheduled time. After the meeting formally commences, supervisors attending the meeting shall first reach a consensus on the agenda of the meeting.

If at least one-half of the supervisors in attendance believe that they are unable to reach a determination on a relevant matter because the motion is unclear or unspecific, the meeting materials are insufficient or other such reason, they may jointly propose that discussion of the motion in question be postponed to a later time. In such circumstances, the chairman of the meeting shall accept the proposal. The supervisors who proposed postponement of the discussion shall put forth clear requirements in respect of the conditions that are to be satisfied for the motion to be submitted again for consideration.

After reaching a consensus on the agenda of the meeting, supervisors attending the meeting shall consider over the all motions one by one under the instructions of the chairman.

**Article 26**

The chairman of the meeting shall request the supervisors present at the meeting of the supervisory committee to express their pronounced opinions on the motions.

Unless the consensus of all supervisors present is obtained, a meeting of the supervisory committee must not vote on the motions not included in the notice of the meeting. Unless clearly stated in the instrument of appointment, a supervisor who has accepted another supervisor’s entrustment to attend the meeting of the supervisory committee must not vote on the motions not included in the notice of the meeting on behalf of that supervisor.

**Article 27**

In the process of consideration of the relevant motions and reports, the supervisory committee can require directors, senior management and other employees of the Company or professionals of relevant intermediaries to be present at the meeting and make necessary explanations as to relevant matters and answer questions concerned about by the supervisory committee.

**Article 28**

Voting at the meeting

Votes at meetings of the supervisory committee shall be conducted by disclosed ballot and each supervisor shall have one vote.

After each motion has been fully considered, the chairman of the meeting shall request supervisors present to vote where appropriate.

Votes at on-site meetings of the supervisory committee (including meetings held by video conference) may be conducted by a show of hands or disclosed ballot. If a supervisor attends an on-site meeting by way of telephone conference or by way of other such communication equipment, so long as the supervisors present at the meeting in person can clearly hear what he/she says and communicate with him/her, all the supervisors present shall be deemed to have attended the meeting in person. Subject to ensuring the full expression by the supervisors of their opinions at a meeting of the supervisory committee, votes may be conducted and resolutions may be adopted by means of correspondence, and such resolutions shall be signed by the supervisors present at the meeting. A deadline shall be set for votes held by means of correspondence, and if a supervisor fails to express his/her opinion within the specified deadline, he/she shall be deemed to abstain.

The voting options open to supervisors are consent, opposition or abstention. The supervisors present at a meeting shall select one from the foregoing options. If a supervisor fails to select any of the options or selects two or more of the options, the chairman of the meeting shall require him/her to select again. If he/she refuses to make a selection, he/she shall be deemed to abstain.

**Article 29**

Unless otherwise specified in the laws or administrative regulations, resolutions of the supervisory committee shall require the affirmative vote of more than half of the members of the supervisory committee for adoption.

**Article 30** The supervisory committee shall act strictly according to the authorization of the general meeting and the Articles of Association, and must not make a resolution beyond its authority.

**Article 31** Relevant staff of the office of secretary to the board of directors or other department designated by it shall collect the supervisors' voting ballots immediately after voting by the supervisors present at the meeting, and submit to the chairman of the meeting for counting under the supervision of one supervisor.

When the meeting is held on site, the chairman of the meeting shall announce the voting result on the spot, and shall, under other circumstances, notify the supervisors of the voting result on the next working day after the expiry of the voting period.

If a supervisor votes after the chairman of the meeting has announced the voting result or after the expiry of the voting period, his/her voting ballots will not be included.

**Article 32** The meeting of supervisory committee may adopt whole-process audio recording as necessary.

**Article 33** Minutes of the meeting

Staff of the office of secretary to the board of directors or other department designated by it shall make proper records of the on-site meeting, including:

- (I) the session, time and venue of the meeting;
- (II) details on the issuance of the meeting notice;
- (III) the names of the convener and chairman of the meeting;
- (IV) the attendance of the meeting;
- (V) the meeting agenda;

- (VI) the motions considered at the meeting, and the key points of the statements and the main opinions, the voting intention of the supervisors in respect of relevant matters;
- (VII) the voting method for, and result of, each motion (the voting result shall state the number of votes for, votes against and abstentions);
- (VIII) other matters that the supervisors present at the meeting deem necessary to be included in the minutes.

In respect of meetings of the supervisory committee held by way of correspondence, the office of secretary to the board of directors or other department designated by it shall sort out the minutes with reference to the aforesaid provisions.

#### **Article 34**

##### Signature by supervisors

The attending supervisors shall sign the minutes for confirmation. In case of disagreement on the minutes, the supervisors can make written statements when signing.

If the director neither signs according to the provisions of the preceding paragraph, nor does he or she make a written statement for his or her disagreement, he or she will be deemed fully agreeing with the contents of the minutes.

#### **Article 35**

##### Keeping of meeting files

The files of meetings of the supervisory committees, including meeting notice, meeting materials, attendance book, the instrument of appointment of proxy supervisors to attend the meeting, audio recordings, voting ballots, and minutes signed by attending supervisors, etc. shall be kept by the office of secretary to the board of directors or other department designated by it for a period of not less than ten years.

## **CHAPTER 5. EXECUTION AND FEEDBACK OF THE RESOLUTIONS OF THE SUPERVISORY COMMITTEE**

**Article 36** The supervisors shall supervise and urge the relevant staff implementing the resolutions of the supervisory committee. The chairman of the supervisory committee shall announce at subsequent meetings of the supervisory committee the execution of the formed resolutions.

**Article 37** Under the leadership of the supervisory committee and the chairman of the supervisory committee, the office of secretary to the board of directors or other department designated by it shall actively obtain information on the execution of relevant resolutions, report the important issues in the implementation and propose advice to the supervisory committee and the chairman of the supervisory committee.

**Article 38** If resolutions made by the supervisory committee involve proposing to convene extraordinary meetings of the board of directors or extraordinary general meetings, or proposing interim motions to the annual general meeting, the supervisory committee shall submit written motions with complete topics and contents to the board of directors within the specified time and ensure that the contents conform to the laws, regulations and the Articles of Association.

## **CHAPTER 6. SUPPLEMENTARY PROVISIONS**

**Article 39** These Rules shall come into force on the date of being approved at the general meeting of the Company.

**Article 40** When these Rules are being modified, the amendments proposed by the supervisory committee shall come into effect with the approval of the general meeting.

**Article 41** The “laws” mentioned in these Rules refer to laws, administrative regulations, department rules, local regulations, local government rules and legally binding government normative documents that are currently in force and applicable or are issued from time to time and applicable in the People of Republic of China (exclusive of Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region in these Rules), but when using together with “administrative regulations”, they particularly refer to the laws and regulations adopted at the National People’s Congress of the PRC and its Standing Committee.

**Article 42** The terms “at least”, “within” and “before” in these Rules shall include the number itself, while “exceeding”, “below” and “more than” shall not include the number itself.

**Article 43** For any matters not covered in these Rules or conflicting with the laws and the listing rules of the stock exchange at the place where the shares of the Company are listed promulgated or revised after these Rules become effective or the Articles of Association formulated or revised through legal procedures, the provisions of the laws, the listing rules of the stock exchange at the place where the shares of the Company are listed and the Articles of Association shall prevail.

**Article 44** The right to interpret these Rules shall vest in the supervisory committee of the Company.