

**A. ARTICLES OF ASSOCIATION**

Below is a summary of the principal terms of our Articles of Association.

The information below contains most provisions, but not the complete wording of the Articles of Association, and therefore does not contain all the information that may be important to potential investors. As stated in the section headed “Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection” of this prospectus, a copy of the Articles of Association is available for inspection.

**1 General provisions**

Our Company, SCHRAMM HOLDING AG, has its registered office in Offenbach/Main, Germany. The financial year corresponds to the calendar year.

The corporate purpose of our Company is to set up, acquire or incorporate companies as well as to acquire, hold, administer and sell domestic and foreign participations as well as to offer services in relation to those participations for consideration. Our Company may enter into all transactions and implement all measures that appear necessary or useful in the light of achieving the corporate purpose.

Our Company publishes announcements in the (German) electronic Federal Gazette, but, if prescribed by applicable law, announcements shall additionally be made in such prescribed form.

**2 Stated Capital, Shares**

The share capital of our Company amounts to €19,905,000.00 which is divided into 19,905,000 par value shares with the nominal value of €1.00 each. The shares are issued as registered shares.

The shareholders are not entitled to claim certification of their shares in our Company or issuance of any profit participation certificates or renewal coupons unless required under the rules of a stock exchange on which the shares are listed. Our Company can issue stock certificates that evidence single or multiple shares.

Fully-paid shares of our Company shall be free from any restriction on the right of transfer (except when permitted under the rules of a stock exchange on which the shares are listed as well as under German law) and shall also be free from all lien.

Where our Company purchases for redemption a share, purchases not made through the market or by tender shall be limited to a maximum price to be determined by the General Meeting in accordance with and subject to applicable law; if purchases are by tender, tenders shall be available to all shareholders alike.

Unless agreed in writing, no shareholder shall be bound to take or subscribe for more shares, or increase his liability to contribute to the share capital of, or otherwise pay money to, our Company.

With the approval of our Supervisory Board, our Management Board shall be authorised to increase the share capital of our Company by an aggregate amount of up to EUR 2,981,000.00 (in accordance with sec. 13.36 (2) and (3) of the Listing Rules) until 30 June 2010 (included) by issue of up to 2,981,000 new registered par-value shares against contribution in cash, either in a single issue or in several issues (Authorised Capital 2009/II). With the approval of our Supervisory Board, our Management Board shall further be authorised to resolve an exclusion of subscription rights of shareholders and to determine the further details of the respective capital increase, the conditions for the share issue and the content of the rights attached to the shares.

Subject to applicable laws, no powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or company who/which is interested directly or indirectly therein has failed to disclose their interests to our Company.

In case of a takeover offer sec. 168 of the Hong Kong Companies Ordinance and the Ninth Schedule of the Hong Kong Companies Ordinance shall apply.

Our Management Board shall file the transfer of shares in our Company upon notice and proof or other changes affecting the title to any registered share for registration with our Shareholders' Register, whereas our Shareholders' Register being kept at the registered office of our Company or such other place at which our Shareholders' Register is kept in accordance with the German law.

The Company may keep an overseas or local or other branch register of members in any place.

### **3 Management Board**

#### **3.1 *Configuration and board's rules of procedure***

Our Management Board is composed of one or several board members; the number of board members is determined by our Supervisory Board.

Our Supervisory Board shall appoint the members of our Management Board as well as, if applicable, the chairman of our Management Board, enter into contracts for their employment, and revoke their appointment.

In accordance with and subject to applicable law, our Supervisory Board may revoke the appointment of a Management Board member and, if applicable, of the chairman of our Management Board for good cause at any time before the expiration of the term of office of our Management Board member to be revoked.

The appointment of Management Board members to fill a casual vacancy who may exercise in terms of the representation of our Company the same rights as our other Management Board members is permissible for a term of office until the first General Meeting after their appointment. Such Management Board members may be subject to re-election for a term of office not exceeding a time period of three years.

Our Supervisory Board allocates the responsibility for business areas to the Management Board members. Our Supervisory Board may establish and modify Management Board's rules.

Our Management Board adopts resolutions by a simple majority of the votes of all board members. In case of an equal vote, the vote cast by the chairman will be the deciding vote.

In accordance with and subject to applicable law, any Management Board member shall disclose any conflicts of interest to our Management Board without undue delay and shall abstain from voting on any resolution of our Management Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest. Such abstention from voting shall not be counted in the quorum present at the meeting.

### **3.2 *Representation of our Company***

Our Company is legally represented by two Management Board members or by a Management Board member in conjunction with a Prokurist (person vested with general power of representation.

Our Supervisory Board is entitled to vest members of our Management Board with sole power of representation. They are entitled to represent our Company in legal transactions with themselves as a representative of a third party.

### **3.3 *Loans to members of our Management Board***

Our Company shall not grant any loans or any comparable financial assistance or benefits, including securities and guarantees for a loan granted by a third party, to members of our Management Board and its holding company, and a company which any member of our Management Board holds a controlling interest as well as to several further specified persons.

## **4 Supervisory Board**

### **4.1 *Composition, Term of office***

Our Supervisory Board has six members. At least three of the six members of our Supervisory Board have to be independent according to the standards set out in listing requirements of the Hong Kong Stock Exchange for independent non-executive directors. The members are elected by the General Meeting.

Our Supervisory Board members are, unless stated otherwise upon their appointment, appointed for the maximum period of five years.

In the event that our Supervisory Board Chairman or the vice-chairman are resigning prematurely, there will immediately be a re-election for the remaining period of office of the retired member.

Members may resign from our Supervisory Board, even without good cause. They must submit their resignation in writing to our Management Board giving one month's notice.

#### **4.2 *Constituent Meeting***

A Supervisory Board meeting is held after the General Meeting at which all of our Supervisory Board members to be elected by the General Meeting have been newly elected. A separate invitation is not required for this meeting. At this meeting, our Supervisory Board elects a Supervisory Board Chairman and one or more vice Chairman/men for the duration of its term of office. If our Supervisory Board Chairman or one of the vice Chairmen leaves office before the end of the term of office, our Supervisory Board elects one or more replacements without delay.

#### **4.3 *Duties and rights***

Our Supervisory Board shall appoint the members of our Management Board and supervise our management.

Our Supervisory Board may inspect the books and records and may examine the assets of our Company at any time.

Our Supervisory Board may require that specific types of transactions may only be entered with its consent.

#### **4.4 *Board's rules of procedure***

Our Supervisory Board shall adopt Supervisory Board's Internal Rules. Our Supervisory Board shall be entitled to appoint committees from its numbers and stipulate their duties and rights. Subject to statutory law, authorisation in relation to decision may be transferred to such committees.

Our Supervisory Board has the quorum, if the chairman and two other members are attending the resolution.

Our Supervisory Board adopts resolutions by a simple majority of the votes cast unless a different majority is required by law. Our Supervisory Board Chairman sets the agenda of meetings and the method of voting. If a vote results in a tie, and a new vote on the same issue also results in a tie, our Supervisory Board Chairman is permitted to cast two votes.

In case of absence, a Supervisory Board member may hand over its written voting by another Board member.

Outside of meetings resolutions may be passed, if all Board members agree with the specific way of voting or with the resolution.

The results of board meetings and resolutions shall be documented in a memorandum, signed by our board's chairman, and a copy shall be forwarded to all board members.

Our Supervisory Board Chairman shall submit the declarations of intent required to implement the resolutions adopted by our Supervisory Board on behalf of our Supervisory Board.

In accordance with and subject to applicable law, a Supervisory Board member shall disclose any conflicts of interest to our Supervisory Board without undue delay and shall not vote on any resolution of our Supervisory Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest. Such abstention from voting shall not be counted in the quorum present at the meeting.

#### **4.5 *Formal amendments to the Articles of Association***

Our Supervisory Board is entitled to resolve amendments to the Articles of Association that only affect updating the relevant share capital amount.

#### **4.6 *Remuneration***

The members of our Supervisory Board receive an annual compensation at a gross amount of €2,000.00 (“Fixed Compensation”). The chairman receives two times of the Fixed Compensation; each vice chairman receives one and a half of the Fixed Compensation.

Our Company reimburses our Supervisory Board members their out-of-pocket expenses which accrue in exercising their office. Value added tax possibly incurring on the compensation and the reimbursement of out-of-pocket expenses is not reimbursed.

#### **4.7 *Loans to members of our Supervisory Board***

Our Company shall not grant any loans or any comparable financial assistance, benefits, including securities and guarantees for a loan granted by a third party, to members of our Supervisory Board.

### **5 *The General Meeting***

#### **5.1 *Convening***

The ordinary General Meeting takes place every financial year within the first eight months of every financial year. Not more than 15 months shall elapse between the date of one annual General Meeting and the next. The General Meeting shall take place at the registered office of our Company, at another place within the Higher Regional Court District of Frankfurt am Main or at another German stock exchange centre. To the extent permitted by law, the General Meeting can also take place at other locations at the stock exchange of which the shares of our Company are listed. The location where the General Meeting takes place shall be contained in the notice to shareholders convening a General Meeting.

Our Management Board or our Supervisory Board shall convene the General Meeting.

On requisition in writing by shareholders representing not less than 2.5% of the total voting rights of all shareholders who at the date of the requisition have a right to vote at the General Meeting to which the requisition relates or not less than 50 shareholders holding shares in our Company on which there has been paid up an average sum, per shareholder, of not less than HK\$2,000.00 each (or, EUR equivalent) our Company shall:

- (a) give to shareholders entitled to receive notice of the next General Meeting notice of any resolution which may be properly moved and is intended to be moved at that meeting
- (b) circulate to shareholders entitled to have notice of any General Meeting sent to them a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with in the meeting.

The General Meeting must be convened at least thirty days prior to the day by the end of which the shareholders must have registered for the General Meeting, if there is no shorter statutory period. The day when the General Meeting is convened is not to be included.

Shortly after the notice convening the General Meeting has been issued the documentation mentioned in sec. 124a of the German Stock Corporation Act (*AktG*) will be made available to the public via our Company's website.

All notices to shareholders convening a General Meeting must contain information on any material interests of any member of our Management Board or Supervisory Board in the matter dealt with by the proposed resolution so far as the resolution affects those interests differently from the interests of other shareholders of our Company.

Subject to agenda regularly are:

- management report and report of our Supervisory Board;
- resolution upon the appropriation of any distributable profits;
- ratification of the acts of the members of Management Board and Supervisory Board;
- appointment of auditors.

The General Meeting may be partly or entirely transmitted in sound and vision. The form of transmission has to be announced by our Management Board in the invitation to the General Meeting.

### ***5.2 Conditions for participation***

Only those shareholders who have registered with the person or body notified in the invitation to the General Meeting at least six days before the date of the General Meeting in German or English language in text form (sec. 126b of the German Civil Code (*BGB*)), i.e. the statement has to be issued in a deed or by other means suitable to permanently reproduce characters, specifying the name of the person who issued the statement and ending with a facsimile signature or otherwise and of whom the registered shares are registered with our Shareholder Register, are entitled to take part in the General Meeting and exercise their voting right. The registration needs to be received by such person or body notified at least six days before the date of the General Meeting and the day the registration was received shall not be included.

The General Meeting in general takes place with the shareholders being physically present. Our Management Board is entitled to foresee in the invitation to the General Meeting that the shareholders may participate in the General Meeting and exercise any or several of their rights entirely or partly by certain means of electronic communication to be specified in more detail by our Company, for example via an online two-way-connection, without being physically present at the General Meeting or without having nominated a representative.

Members of our Management Board and our Supervisory Board shall participate in the General Meeting. If for a member of our Supervisory Board it is not possible to be present at the location of the General Meeting for business reasons or due to the fact that the place of residence of such member is at a great distance from the location where the General Meeting is held., such member shall participate in the General Meeting by connection in sound and vision.

### ***5.3 Chairmanship***

Our Supervisory Board Chairman shall chair the General Meeting. If the Chairman is unable to do so, its deputy shall chair the General Meeting. In case of its absence, our attending Supervisory Board members representing the shareholders shall elect the chairman of the General Meeting.

### ***5.4 Voting***

Each share entitles the holder to one vote at the General Meeting. Where a shareholder, under the Listing Rules, is required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

A power of attorney for a proxy must be submitted in text form as specified in Article 14 (1) of the Articles of Association, unless no form easements have been announced in the invitation to the General Meeting. In cases of doubt, the chairman of the General Meeting shall decide whether to accept proxies from shareholder representatives.

In either case, delivery of the proxy form shall not preclude a shareholder from attending the General Meeting and voting in person if he/she wishes so.

If no simple majority is achieved in the first round of voting in elections, then a second round is held with the two candidates who received the greatest number of votes. The candidate who then receives the most votes cast is the winner. If each candidate receives the same number of votes, the chairman of the General Meetings decides the result by drawing lots.

The General Meeting's chairman determines the way and method of voting according to its best judgment. Our Management Board is entitled to foresee in particular in the invitation to the General Meeting that the shareholders may exercise their voting rights, without being physically present at the General Meeting, in written form or by certain means of electronic communication to be specified in more detail by our Company (absentee vote).

Where a shareholder is a recognised clearing house, it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any shareholders' meetings or any meetings of any class of shareholders provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house could exercise if it were an individual shareholder or the Company.

Proof of power of attorney for exercising the voting right may be submitted by certain means of electronic communication to be specified in more detail by our Company.

With regard to a German stock corporation, there are generally two ways to calculate and determine the voting results of a resolution in the general meeting: (i) calculation based on the votes cast (in case of the Company, one share carries one vote) or (ii) calculation based on the share capital present (or represented by attorneys, representatives etc.) at the passing of the resolution. The two ways to calculate the voting results generally differ in cases of non fully paid-up shares (which do not carry any voting rights) or shares with restricted or multiple voting rights. With regard to the Company, there are no shares with restricted or multiple voting rights, and it is the current intention that all shares shall be fully paid in at the time of the listing, therefore the two ways of counting the voting results should not differ in case of the Company. In addition, should the law and the articles require a majority to pass a resolution, they state not only which kind of majority (such as simple of more than 50% or special of 75% or more), but also how it shall be calculated (i.e. majority of the votes cast or majority of the capital present or represented at the passing of the resolution). Subject to Article 16 (8), (9), (10), and (11) of the Articles of Association, a simple majority of the votes cast is sufficient to adopt resolutions in the General Meeting; if a majority of more than 50% of the share capital present or represented at the passing of the resolution is required under law, a simple majority of the share capital represented at the General Meeting when voting on the resolution is sufficient. This does not apply to the extent that a larger majority is required by mandatory law. At least two shareholders present in the General Meeting constitute a quorum.

All amendments to the Articles require a shareholder resolution with not less than 75 % of the share capital present or represented at the General Meeting.



All variations affecting the rights attached to any class of shares require a shareholders' resolution with at least 75% of the share capital present or represented in the General Meeting as well as a separate special resolution of the holders of that class of shares which is affected to be passed with at least 75 % of the share capital present or represented at the passing of the resolution. This special resolution shall be adopted in accordance with sec. 138 sentence 1 of the German Stock Corporation Act (*AktG*).

The revocation of a Supervisory Board member requires a shareholders' resolution with not less than 75 % of the share capital present or represented at the General Meeting and is permissible at any time before the expiration of the term of office of our Supervisory Board member to be revoked.

The quorum for a separate class meeting to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class. If another class meeting has to be called since the initial class meeting did not reach a quorum, such second class meeting always has a quorum.

## **6 Annual financial statements, financial report and annual report**

In the first three months of the financial year or such shorter period as may be required under the rules of the stock exchange on which the shares are listed, our Management Board shall provide the annual financial statements, the financial report and the annual report as well as our Company's group annual financial statements and our Company's group financial report for the preceding year.

The annual financial statements, the financial report, the annual report as well as our Company's group annual financial statements and our Company's group financial report shall without undue delay after the preparation of these documents be submitted by our Management Board to our Supervisory Board together with our Management Board's proposal to the General Meeting for the appropriation of the distributable profits.

From the date of convening the General Meeting, the annual financial statements, the financial report, the annual report, our Company's group financial statement, our Company's group financial report, our Supervisory Board's report and our Management Board's proposal for the appropriation of the distributable profit have to be provided as print copies at our Company's offices for the shareholders' inspection. In addition, our Management Board shall make available to the General Meeting the aforementioned documents and the reports of the auditor and Company's group auditor via our Company's website. Further, in accordance with rule 5 of Appendix 3 to the Listing Rules, a copy of either (i) the annual report accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least twenty-one days before the date of the General Meeting, shall be delivered or sent by post to the registered address of every shareholder.

## **7 Appropriation of any distributable profits**

The General Meeting shall resolve the appropriation of any distributable profits, bound by the approved annual financial statements.

If our Management Board and our Supervisory Board adopt the financial statements, they can appropriate no more than half of the net profit for the year to other retained earnings. In the resolution on the appropriation of the distributable profits, the General Meeting is entitled to appropriate additional amounts to other retained earnings or carry these amounts forward.

Contribution payments to the share capital paid prior to our Management Board's call for these, shall not entitle the holder of such share(s) to participate in respect thereof in a dividend subsequently declared. Its entitlement only begins from the date when the contribution payments became due and the payment are actually made, provided that the respective share capital increased has been registered.

Claims for dividend distribution shall become time-barred only after a period of six years from the date when the General Meeting's resolution of appropriation of any distributable profits pursuant to sec. 174 of the German Stock Corporation Act (*AktG*) has become effective.

Our Company may cease sending cheques for dividend entitlements by post if such cheques have been left uncashed on two consecutive occasions. However, our Company may exercise the power to cease sending cheques for dividend entitlements after the first occasion on which such a cheque is returned undelivered.

### **Place of jurisdiction**

Place of jurisdiction for all disputes between our Company and our Shareholders and between the shareholders themselves resulting from the corporate relationship is the registered seat of our Company.

## **B. INTERNAL RULES FOR OUR MANAGEMENT BOARD**

Internal rules for the Management Board, under German law, are generally passed as a resolution by our Supervisory Board which usually regulate the internal proceedings regarding the execution and internal allocation of the management duties of our Management Board and once passed, are binding on our Management Board. The content of the internal rules for our Management Board is not mandatorily prescribed by German law and thus affords our Supervisory Board the discretion to edit the content of the internal rules as it sees fit from time to time. Our Supervisory Board has passed the following internal rules for our Management Board:

### **1 Business management**

The members of our Management Board manage the business of our Company pursuant to statutory law, the Listing Rules, the Articles of Association, these internal rules and their service contracts.

**2 General approval requirement**

Decisions regarding corporate strategy as well as significant investment decisions, which will presumably change the profit prospects of our Company, shall require the approval of our Supervisory Board. These are, in particular, measures or transactions, which substantially change the asset, financial or profit situation or the risk exposure of our Company.

**3 Transactions requiring supervisory board approval**

Our Management Board requires the approval of our Supervisory Board to the following measures and transactions (unless they constitute a notifiable or connected transaction under Chapter 14 and 14A of the Listing Rules):

- The one-year-planning of our Company;
- The acquisition and disposal of property (*Grundbesitz*) as well as the encumbrance of property if the value in the individual case exceeds 0.5% of the equity (*Eigenkapital*) of our Company;
- The acquisition of enterprises (*Unternehmen*), the establishment of places of operation (*Betriebsstätten*) as well as the participation in enterprises, if the value in the individual case exceeds 1% of the equity of our Company; or
- The taking up or granting of financial loans (*Finanzkredite*), suretyships (*Bürgschaften*), guarantees (*Garantien*), letters of comfort (*Patronatserklärungen*) or similar obligations outside the ordinary course of business if the value in a singular case exceeds the amount of 1% of the equity of our Company.

**4 Submission of transactions to the general meeting**

Pursuant to German High Court jurisdiction (“*Holz Müller/Gelatine jurisdiction*”), our Management Board is required to ask for the approval of the general meeting for material transactions which affect the structure of our Company as well as the core competencies of the general meeting to decide about the constitution of our Company, which have effects on our Company similar to those which generally could be achieved only by an amendment of the Articles of Association and which affect, in general, approximately 75% of the assets of our Company (“assets” has not been clearly defined by the courts, also the other parameters as set out under Chapter 14 and 14A of the Listing Rules may be relevant).

Pursuant to section 119 para. 2 German Stock Corporation Act (*AktG*), the general meeting may decide upon measures or transactions if our Management Board requests a decision of the general meeting. Our Management Board acts in its own discretion and will consider the nature of the transaction and the implications of such referral for our Company, including the requirements of the Listing Rules and the scope of discretion granted by German corporate laws in order to reach and provide a maximum of compliance according to both Hong Kong and German corporate governance.

Our Management Board is required to refer notifiable transactions pursuant to Chapter 14 of the Listing Rules, i.e. very substantial acquisitions, very substantial disposals, reverse takeovers, with any of the applicable percentage ratios exceeding 75% to the general meeting.

Our Management Board is permitted to refer all notifiable transactions subject to shareholders' approval pursuant to Chapter 14 of the Listing Rules with any of the applicable percentage ratios from 25% to 75% as well as all major transactions as defined under Chapter 14 of the Listing Rules with any of the applicable percentage ratios exceeding 25% to the general meeting.

Our Management Board is permitted to refer all connected transactions with any of the applicable percentage ratios exceeding 2.5%, all continuing connected transactions with transaction amount exceeding 2.5% calculating on an annual basis and all other connected transactions subject to shareholders' approval pursuant to Chapter 14A of the Listing Rules) to the general meeting.

#### **5 Proceeding regarding transactions submitted to the general meeting**

If any of the business measures or transactions will be referred to the decision of the general meeting pursuant to section 119 para. 2 German Stock Corporation Act (*AktG*) on the basis of Chapter 14 and 14A of the Listing Rules or in accordance with the Holz Müller/Gelatine jurisdiction, our Supervisory Board shall discuss these matters and issue a written recommendation to the general meeting which will finally and with binding effect decide upon those matters and transactions.

The decision to voluntarily refer a matter to the general meeting is communicated to the general meeting by convocation of the general meeting. Insofar, our Management Board's decision pursuant to section 119 para. 2 German Stock Corporation Act (*AktG*) includes at the same time the decision for convocation of the General Meeting with the proviso that for such decision of our Management Board a simple majority shall only be sufficient if the articles or the rules of procedure expressly provide for it. The decision for referral must include a sufficiently specified proposal for resolution to the general meeting. In addition, as set out above, our Management Board must give our Supervisory Board the possibility to comment on the content of the decision for referral by issuing its own proposal for resolution before announcing the agenda item.

#### **6 Expiry of General Mandate**

Rule 13.36(3) of the Listing Rules provides that a general mandate given under Rule 13.36(2) shall only continue in force until:

- (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse, unless the mandate is renewed by shareholders in general meeting; or
- (b) revoked or varied by ordinary resolution of the shareholders in general meeting.

Rule 10.06(1)(c)(ii) provides for similar expiry date for general mandate granted to the board of directors for repurchase of the listed issuer's own shares.

Our Management Board shall ensure the compliance with the relevant Listing Rules regarding expiry of the general mandates. In the event that an annual general meeting of our Company takes place before the expiry date of the general mandates (i.e. authorised capital) as approved by the shareholders, our Management Board shall procure that a resolution be proposed to and considered by the shareholders in the annual general meeting of our Company, for (i) revocation and termination of the existing general mandate, or (ii) renewal or grant of a new general mandate with an expiry date determined by shareholders.

### **C. INTERNAL RULES FOR OUR SUPERVISORY BOARD**

Our Supervisory Board has passed the following internal rules for our Supervisory Board:

#### **1 Composition of Supervisory Board**

As set out in the Articles of Association of our Company, our Supervisory Board consists of six members. The number of Supervisory Board members, as provided in the Articles of Association, can be increased upon resolution of the General Meeting.

As a company listed on the Hong Kong stock exchange, our Company is required under Rule 3.10 of the Listing Rules to have at least three independent non-executive directors (**INEDs**) which satisfy the independence requirements under Rule 3.13 of the Listing Rules, with at least one of the INEDs possessing appropriate professional qualifications or accounting or relating financial management expertise as required under Rule 3.10(2) of the Listing Rules. Since German stock corporation law does not provide for the appointment of non-executive directors, our Company has appointed three additional supervisory board members who meet the requirements of the Listing Rules for INEDs (**Independent Supervisors**) and assume the duties and responsibilities of INEDs as set out under the Listing rules and as described in the prospectus of our Company for its Global Offering at the Hong Kong Stock Exchange under the Section “Supervisory Board and Independent Supervisors”.

#### **2 General duties and responsibilities of our Supervisory Board**

Our Supervisory Board bears, among others, the responsibility to control and to supervise the management of our Management Board. Our Supervisory Board must safeguard our Company’s interests.

Our Supervisory Board executes its duties and responsibilities pursuant to the statutory law in Germany and Hong Kong applicable to supervisory board members of a German stock corporation listed at the Hong Kong stock exchange, as well as the Listing Rules, the Articles of Association of our Company, and these internal rules.

**3 Establishment of committees in accordance with the Listing Rules**

In accordance with the Listing Rules, our Supervisory Board may establish the following committees with the following compositions:

- Establishment of an audit committee comprising the majority of Independent Supervisors (Rule 3.21)
- Establishment of a nomination committee comprising the majority of Independent Supervisors (A.4.4 of Appendix 14)
- Establishment of a remuneration committee comprising the majority of Independent Supervisors (B.1.1 of Appendix 14)
- Establishment of a remuneration committee comprising the majority of Independent Supervisors which is required to form a view in respect of service contracts falling under Rule 13.68 (Rule 13.68)
- Establishment of an independent board committee (which shall consist only of Independent Supervisors) to advise shareholders as to whether the terms of the relevant transactions or arrangement is in the interest of the issuer and its shareholders interest as a whole (Rule 13.39(6) and (7))

**4 Duties and obligations of the Independent Supervisors**

The Independent Supervisors have, in addition to their general duties and obligations as Supervisors under statutory law and our Articles of Association and participation in committees as set out under section 3, the following principal duties and obligations as set out in the Listing Rules:

- Annual review and confirmation of the continuing connected transactions (Rule 14A.37)
- Provision of views on connected transactions not falling under Rule 14A.31 or Rule 14A.33 (Rule 14A.55)
- Provision of opinion on the profit guarantees given by a connected person (Rule 14A.57)
- Approval of the granting of options to a director, chief executive or substantial shareholder of the company or their associate (Rule 17.04(1))

In case where the controlling shareholder of our Company with an interest in a business apart from our Company's business which competes or is likely to compete with our Company's business, the Hong Kong stock exchange may require the appointment of a sufficient number of Independent Supervisors to ensure that the interests of the general shareholders will be adequately represented.

**5 Supervisory board meetings**

At least twice per calendar half year, a Supervisory Board meeting has to be convened, or, if the Listing Rules or the interests of our Company so require, more frequently.

The chairman of our Supervisory Board, and in case of the chairman's absence or in case of the chairman otherwise being prevented also the vice chairman shall convene the meetings of our Supervisory Board with two weeks' notice in written form, by telex, orally, by phone call, by fax transmission, by telegraph or by letter. When determining this period of two weeks, the day of sending and the day of the planned meeting must not be taken into account. In urgent cases the period can be shortened down to three days.

In cases where the Listing Rules require that a Supervisory Board member in the case of a conflict of interest shall not only abstain from voting, but also be absent from the meeting or the part of the meeting which relates to the subject regarding to which the relevant Supervisory Board member is in a conflict of interest, our Supervisory Board will in the best interests of our Company pass a resolution that the relevant Supervisory Board member shall be absent from the relevant meeting or part of the meeting.

**6 Approval of / recommendations regarding management measures**

Our Supervisory Board shall decide about the approval of management measures which require the approval of our Supervisory Board by statutory law, the Articles of Association, the internal rules of our Management Board or a resolution of our Supervisory Board.

If any of the business measures or transactions will be referred to the decision of the general meeting pursuant to section 119 para. 2 German Stock Corporation Act (AktG) on the basis of Chapter 14 and 14A of the Listing Rules or in accordance with the Holz Müller/Gelatine jurisdiction, our Supervisory Board shall discuss these matters and issue a written recommendation to the general meeting which will finally and with binding effect decide upon those matters and transactions. In cases of Rule 13.39 (6) and (7) the independent board committee shall advise shareholders as to whether the terms of the relevant transactions or arrangement is in the interest of the issuer and its shareholders interest as a whole.

The decision to voluntarily refer a matter to the general meeting is communicated to the general meeting by convocation of the general meeting. Insofar, our Management Board's decision pursuant to section 119 para. 2 German Stock Corporation Act (AktG) includes at the same time the decision for convocation of the General Meeting with the proviso that for such decision of our Management Board a simple majority shall only be sufficient if the articles or the rules of procedure expressly provide for it. The decision for referral must include a sufficiently specified proposal for resolution to the general meeting. In addition, as set out above, our Management Board must give our Supervisory Board the possibility to comment on the content of the decision for referral by issuing its own proposal for resolution before announcing the agenda item.

**COMPLIANCE WITH GERMAN LAWS**

The proposed application of German law to matters requiring shareholders' resolution under the Listing Rules as outlined paragraph 4 of the Internal Rules to our Management Board above complies with German law and should be feasible with regard to the outlined German law aspects for our Company after Listing.