

# SHENZHEN EXPRESSWAY COMPANY LIMITED



## RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS

Schedule to the Articles of Association

	<b>Page</b>	
<b>Chapter 1</b>	<b>General Provisions</b>	<b>1.3.1</b>
<b>Chapter 2</b>	<b>Directors and Board of Directors</b>	<b>1.3.1</b>
<b>Chapter 3</b>	<b>Nomination and Election of Directors</b>	<b>1.3.6</b>
<b>Chapter 4</b>	<b>Powers of the Board of Directors</b>	<b>1.3.8</b>
<b>Chapter 5</b>	<b>Specialised Committees of the Board of Directors</b>	<b>1.3.12</b>
<b>Chapter 6</b>	<b>Chairman of the Board of Directors</b>	<b>1.3.15</b>
<b>Chapter 7</b>	<b>Independent Directors</b>	<b>1.3.17</b>
<b>Chapter 8</b>	<b>Secretary and the Secretariat to the Board of Directors</b>	<b>1.3.18</b>
<b>Chapter 9</b>	<b>Board Meeting</b>	<b>1.3.20</b>
<b>Chapter 10</b>	<b>Supplementary Provisions</b>	<b>1.3.27</b>

(Approved by special resolutions at  
the 2017 Annual General Meeting  
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- \* Note: This document is originally prepared in Chinese and this English version is for reference only. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.



## Chapter 1 General Provisions

- Article 1 These rules of procedures for the board of directors of Shenzhen Expressway Company Limited are formulated in accordance with the Company Law, the Securities Law, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, Listing Rules of SSE and the articles of association of the Company, and with reference to the relevant laws of the State and local governments, to modernise the Company's corporate systems and to enhance the structure of the Company's corporate governance.
- Article 2 The objective of these rules is to further specify the functions and powers of the board of directors of the Company, to govern its work procedures and conduct, to ensure the responsibilities of the board of directors are strengthened, to ensure legality of their exercise of powers, performance of duties, assumption of obligations, to bring in the decision-making function of the board of directors in the Company's management into full play and to realise the regulation of the work of the board of directors.
- Article 3 The Company has established the board of directors in accordance with laws. The board of directors is entrusted by the shareholders' general meeting to be responsible for managing and operating the Company's legal person assets and be accountable to the shareholders' general meeting.

## Chapter 2 Directors and Board of Directors

- Article 4 The directors of the Company shall be natural persons who may or may not hold shares of the Company.
- Article 5 The directors are appointed and removed by the shareholders' general meeting with tenure of office of three years, which term is renewable upon re-election. The independent non-executive director of the Company shall not remain in office for more than six years in total.
- For the motion in relation to the election of directors approved at the shareholders' general meeting, in case of the election of new session of the board of directors, the tenure of office of the newly appointed directors will commence on the next day after the end of the tenure of office of the last session of the board of directors; in other cases, the tenure of office of the newly appointed directors will commence upon the closing of the shareholders' general meeting.
- The tenure of the office of the directors will commence on the date of appointment and end on the expiry of the session of the board of directors. In the event that it fails to elect new directors before the end of the tenure of office, the existing directors shall perform their directors' duties pursuant to laws and regulations and the requirements under these Articles of Association before the new directors have been elected.
- Article 6 The board of directors of the Company shall comprise twelve members, at most seven of them are nominated by the promoters of the Company; at least four of them are independent directors.



Article 7 Directors who have taken specific position of operation and management in the Company shall be executive directors, which include the chairman whose main office is in the Company and directors that act as the senior management or other important management positions. The number of executive directors shall not exceed half of the total number of directors of the Company.

Article 8 The basic qualifications and requirements of the directors are as follows:

1. Basic Requirements — being tertiary educated or above with over 10 years working experience and being famous or successful in one of the professional areas with sufficient time and energy to discharge the duties and responsibilities of the directors;
2. Industriousness and Righteousness — being honest, faithful and responsible with good character and work ethics and willing to act in accordance with the decisions of the board of directors and to take responsibility of his own actions;
3. Teamwork — being able to cooperate with and listen to others, willing to give constructive opinions in open discussions;
4. Industry Knowledge — being knowledgeable in infrastructure construction and investment; and have a good grasp of the current situation of the industry and its future trends;
5. Management Know-how — being able to apply basic knowledge in corporate management and operations into actual situation;
6. Financial Acumen — being able to read balance sheet, profit and loss account, cash flow statement, and familiar with financial ratios and necessary indices for comparing results of the Company;
7. Crisis Management — being able to understand crisis normally faced by the Company and to master basic crisis management techniques;
8. Analysis and Judgment — being able to conduct overall analysis on the key and material matters of the Company and to make independent, thoughtful and mature judgment;
9. Comprehension and Communication Ability — being able to understand the meaning and intention as expressed by other people, to unequivocally express his own view and to offer inspiring insights to each other;
10. any other qualification requirements as stipulated in relevant regulatory documents.

Article 9 Any person being in the circumstances of barring from being a director specified in the Company Law, being prohibited from serving as a market participant by China Securities Regulatory Commission and being prohibited from serving as a director by the rules of any other regulatory institutions as promulgated from time to time and such prohibition not having been lifted shall not serve as director.

The independent directors shall also comply with the independence requirements relating to independent director as promulgated from time to time by China Securities Regulatory Commission and the Hong Kong Stock Exchange.



- Article 10 The directors elected shall sign the Directors' service contracts with the Company. They shall also sign and deliver related written documents as required by the relevant stock exchanges.
- Article 11 After the appointment of and change of director, the secretariat to the board of directors shall prepare a new specimen signature and lodge the relevant forms to the Hong Kong Companies Registry, the SSE and the authority in charge of industrial and commercial registration of companies within the prescribed period.
- In strict compliance with the relevant laws and regulations, a director can be removed before expiration of his/her term by an ordinary resolution of shareholders' general meeting (any claims which the director may raise in accordance with his/her contract with the Company will not be affected). The first term of a newly appointed director will expire upon expiration of the term of the board of directors as a whole.
- Article 12 A director who fails to attend the board meetings in person nor authorise another director to attend the meetings on his/her behalf for two consecutive times shall be deemed as not performing duties and the board of directors shall propose to the shareholders' general meeting for removing such director.
- Article 13 A director may resign by submitting a written resignation to the board of directors before expiration of his/her term. The resigning director shall submit written report to the board of directors.
- Article 14 If the number of directors falls below the minimum number required by laws as a result of the resignation of a director, the board of directors shall hold an extraordinary general meeting to elect a new director to fulfill the vacancy as soon as possible. The existing director shall perform his/her director's duties pursuant to laws and regulations and the requirements under these Articles of Association before a new director takes office.
- Article 15 Any resignation and change of directors shall be notified to the stock exchange where the shares of the Company are listed and disclosure obligations shall be fulfilled in accordance with relevant requirements. In the event of resignation or removal of an independent director, the Company shall promptly notify the reasons of such resignation or removal to the stock exchanges where the shares of the company are listed.
- Article 16 A director who resigns without permission prior to the expiration of his/her term shall be liable to compensate the Company for any losses arising therefrom.
- Article 17 The directors shall be entitled to the following rights:
1. to attend meetings of the board of directors and exercise their voting right thereat;
  2. to understand the operations and financial status of the Company;
  3. to understand their responsibilities as a director of a listed company and to be provided regularly by the secretary to the board of directors with the relevant and latest information published by regulatory authorities;
  4. the independent director has the right to exercise other rights empowered by laws and regulations or regulatory rules, in the case of an independent director who is required to provide an independent opinion or perform other duties, the independent



director can request to consult independent professional institutions for advice at the expense of the Company;

5. to act for and on behalf of the Company in accordance with these Articles of Association or by authorisation of the board of directors;
6. to deal with the business of the Company in accordance with these Articles of Association or by authorisation of the board of directors;
7. without contravention to these rules, to take other positions or professional office when required by duties;
8. other rights and duties granted at shareholders' general meeting or stipulated in these Articles of Association.

Article 18 In discharging his/her duties, each of the directors shall adhere to the principle of fiduciary and shall not put himself/herself in a position where his/her own interests and his/her obligations may conflict. The principle includes but not limited to discharging the following obligations:

1. to act honestly in the best interests of the Company and shareholders as a whole rather than to consider only the interests or intentions of the shareholders he/she represents;
2. to exercise powers within, and not to exceed the scope of, his/her authority;
3. to exercise the discretionary power vested in him/her personally and not to be manipulated by others; no discretionary powers shall be transferred to other persons without the permission of laws and regulations or the informed consent of the shareholders' general meeting;
4. to treat the shareholders of the same class equally and to be fair to the shareholders of different classes;
5. unless otherwise provided in these Articles of Association or with the approval granted with the informed consent of the shareholders' general meeting, no contract, transaction or arrangement shall be entered into with the Company;
6. no property of the Company shall be used in any manner for private benefit without the informed consent of the shareholders' general meeting;
7. not to use his/her authority to accept bribes or other unlawful income and not to deprive the Company in any manner of its property, including but not limited to opportunities beneficial to the Company;
8. not to accept commission in connection with the transactions of the Company without the informed consent of the shareholders' general meeting;
9. to observe these Articles of Association, to perform his/her duties faithfully, to protect the interests of the Company, and not to obtain personal benefits by using his/her position and authority in the Company;
10. not to compete in anyway with the Company without the informed consent of the shareholders' general meeting;
11. not to embezzle the funds of the Company or to lend the funds of the Company to others; not to deposit the assets of the Company in accounts opened under his/her own name or the name of other persons; not to use the assets of the Company as security for the liabilities of the shareholders of the Company or other personal liabilities;
12. unless otherwise permitted by informed consent of the shareholders' general meeting, no confidential information of the Company acquired during his/her term of



office shall be disclosed, even if the purpose is to serve the interests of the Company, no such information shall be used; however, such information may be disclosed to a court of law or other governmental supervisory authorities if such disclosure is in the public interest or in the interests of such director or is required by laws;

13. not to exploit the personal rights of shareholders, including but not limited to distributions rights, voting rights, but excluding the proposed reorganisation of the Company approved by the shareholders' general meeting in accordance with these Articles of Association;
14. not to use his/her authority or persuade other directors and senior management for placing his/her relatives or friends in an important position or a senior management position of the Company.

Article 19 Directors of the Company shall have the following fiduciary duties to the Company:

1. to exercise the authorities conferred by the Company carefully, seriously and diligently, in order to ensure that the business activities of the Company comply with the laws and regulations of the State and various economic policy requirements. The business activities cannot exceed the scope of activities specified by the business licence;
2. to acknowledge the operation style, the operation and management situation, the activities and development of the business of the Company, to investigate positively and acquire information and materials which are necessary to the decision-making;
3. to attend the meetings of the board of directors and the meetings of the committee which he/she is a member on time and participant in the meeting positively, to make contributions through his/her techniques, professional knowledge and different backgrounds and experiences;
4. to attend the shareholders' general meeting and understand the shareholders' opinions fairly;
5. to make positive contributions to the strategy and policy of the Company by providing independent, constructive and reasonable opinions;
6. to sign confirm opinions on the periodical reports of the Company; to make sure that the information disclosed is true, accurate and complete;
7. to provide the relevant information and materials to the supervisory committee truthfully and not to obstruct the exercising functions and power of the supervisory committee or the supervisor;
8. other fiduciary duties stipulated in the laws and regulations and these Articles of Association.

Article 20 The directors shall not cause the following persons or bodies ("associates") to do what he/she is prohibited from doing:

1. the spouse or minor children of that director;
2. a person acting in a trustee capacity of that director or any person referred to in paragraph 1 above;
3. a person acting in the capacity of a partner of that director or any person referred to in paragraphs 1 and 2 above;
4. a company in which that director solely, or jointly with one or more persons referred



to in paragraphs 1, 2 and 3 above or jointly with other directors, supervisors, president and other senior management, has/have a de facto controlling interest;

5. the directors, supervisors, president and other senior management of the controlled company referred to in paragraph 4 above.

Article 21 The fiduciary duties of the directors do not necessarily cease upon expiry of his/her term of office. The obligations to keep the commercial secrets of the Company confidential shall survive the expiry of his/her term of office. The continuance of the other obligations shall be determined on a fair basis depending on the length of the time between its occurrence and his/her departure from office and the circumstances and conditions under which the relation with the Company was terminated.

Article 22 In the event that a director breaches the responsibilities of specific obligations, such responsibilities may be released by an informed consent given by the shareholders' general meeting, except for the following:

1. a director shall be liable for not acting in the interests of the Company and shareholders as a whole in good faith;
2. a director shall be liable for depriving the Company of its property, including but not limited to opportunities beneficial to the Company;
3. a director shall be liable for depriving the shareholders of their interests (for his/her own benefits or others' benefits), including but not limited to any entitlement to distribution or voting rights, but excluding the obligations as a result of any proposed reorganisation of the Company approved by the shareholders' general meeting in accordance with these Articles of Association.

Article 23 Each of the directors is entitled to an appropriate remuneration based on his/her own situation which reflects the time spent and obligation undertaken by each director during his/her service at the board of directors. The aforesaid remuneration include:

1. the remuneration in respect of his/her service as a director or senior management of the Company;
2. the remuneration in respect of his/her service as a director, supervisor or senior management of any subsidiary of the Company;
3. the remuneration in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries;
4. the payment by way of compensation for loss of office, or as a consideration for or in connection with his/her retirement from office.

Save as aforesaid, no proceedings may be brought by a director against the Company for anything due to him/her in respect of the other matters.

Article 24 The remuneration of the directors shall be determined by the board of directors and approved by the shareholders' general meeting.

### **Chapter 3 Nomination and Election of Directors**



Article 25 Upon expiration of the term of the board of directors or election of directors to fulfill the vacancy before the expiration of the term of the board of directors, the procedures for nomination of candidates for directorship are as follows:

- I. the nomination of candidates
  1. The Company's board of directors, supervisory committee and shareholder(s) individually or collectively holding more than one per cent of the issued share capital of the Company may nominate candidates.
  2. The board of directors may entrust the nomination committee or the extraordinary working group set up specially to find the qualified candidates.
  3. Nomination shall be made in writing and the nomination materials shall contain basic personal information, detailed working experiences, all part time undertakings, supporting descriptions that to satisfy the appointment qualification and basic quality requirements and the written opinion for acceptance of nomination issued by the nominated candidate.
  4. The nomination materials shall be submitted in writing to the secretary to the board of directors within the required period.
  5. The secretary to the board of directors shall tidy up and collate the nomination materials within three working days that are submitted to the nomination committee to consider and verify.
- II. the verification of the qualification of the candidates and quality assessment
  1. The nomination committee is responsible to consider and verify the nomination materials and the independence of the independent directors. The nomination committee shall have the right to investigate and verify on its own or to appoint professional institution to investigate and verify, the correctness of the information and the quality of the candidate. The Company shall be responsible for any expenses incurred accordingly. Both the person who nominate the candidate and the nominated candidate shall have the obligation to assist such investigation and verification.
  2. Within thirty days upon receipt of the nomination materials, the nomination committee shall provide verification and quality assessment reports of the nominated candidate that are to be submitted to the board of directors to consider and confirm.
  3. Upon the expiration of the term of the board of directors, the nomination committee shall provide opinions on the organisations of the candidates, including but not limited to: at least one professional accountant in the independent directors; the number of the executive directors shall not exceed one-half of the total numbers of the board of directors of the Company, etc.
- III. the confirmation and announcement of the candidates
  1. The board of directors shall consider the list of the candidates.
  2. The candidates who are nominated by the nomination committee (or other working group entrusted by the board of directors) and passed the consideration of the board of directors and the candidates who are nominated by the supervisory committee or the qualified shareholders shall be treated as a confirmed candidate, who shall be referred to the shareholders' general meeting for election by vote. In respect to the candidates nominated by the supervisory committee or the qualified shareholders but do not pass the consideration of the board of directors, the board of directors shall explain to the shareholders' general meeting.
  3. In accordance with the securities regulatory rules of the place where the shares of the Company are listed, the board of directors shall public the information of



the candidates' information and introduce the confirmed candidates and explain relevant information to the shareholders' general meeting to ensure the shareholders are familiar with the candidates at the time of voting. The nominator and the nominee shall provide the required information.

- Article 26 Special matters relating to the nominated candidate for independent director:
1. when nominating a candidate of independent directors, the nominator shall opine on the qualifications and independency of the nominated candidate;
  2. the nominated candidate shall make an open declaration as to no relationship with the Company which may affect his/her independent and objective judgment;
  3. after the confirmation of the candidate of the independent directors, the board of directors shall report the relevant contents of the nominated materials to SSE and other security regulatory authorities in accordance with the requirements promulgated by the relevant regulatory authorities. In case that the board of directors has different opinions, it shall report the written opinions of the board of directors;
  4. the Company shall not propose the candidates who are objected by SSE to the shareholders' general meeting and elect such person to be independent directors, and the Company shall delay or cancel the shareholders' general meeting pursuant to the security regulatory rules or cancel the relevant proposals of the shareholders' general meeting;
  5. the board of directors shall explain whether the independent directors have been objected by the security regulatory authorities when convening of the shareholders' general meeting for the election of independent directors.

- Article 27 Cumulative voting system is adopted for election of directors. The election of independent director and the other directors shall be voted separately.

When electing directors, the number of vote each shareholder is entitled to cast is equal to the multiple of number of shares held by the shareholders times the numbers of directors entitled to vote for. Each shareholder may cast all his/her votes to one nominated candidate for director, or divide his/her entitled votes among the nominated candidates for directors he/she is entitled to vote at his/her own discretion or cast all his/her votes for two or more nominated candidates for directors.

The voting and counting method of the cumulative voting system shall be exercised pursuant to the applicable regulatory rules.

#### **Chapter 4 Powers of the Board of Directors**

- Article 28 The board of directors shall exercise the powers appointed or authorised by the shareholders' general meeting. The board of directors shall strictly comply with these Articles of Association and the authorisation of the shareholders' general meeting, and it cannot make resolution beyond the authorisation. In case that the resolution falls within the scope of the powers of the shareholders' general meeting, the board of directors shall submit it to the shareholders' general meeting.

- Article 29 The board of directors is responsible for convening shareholders' general meeting, reporting its work to the shareholders' general meeting and implementing the resolution of the shareholders' general meeting. The board of directors shall explain at the



shareholders' general meeting any qualified audit opinion in respect of the financial report of the Company made by the certified public accountant.

- Article 30 The board of directors shall adhere to the principle to pursue the common interests of the Company and shareholders as a whole as its model code and shall examine the proposals to the shareholders' general meeting in accordance with the following requirements:
1. the contents of the proposals shall not be in contravention with the provisions of laws and regulations, and these Articles of Association, and the matters involved shall have direct relationship with the Company;
  2. the proposals shall contain a clear subject and concrete matters that are made after serious discussion and verification;
  3. the proposals shall be submitted or delivered to the board of directors in writing.
- Article 31 The board of directors shall exercise the power to make management decisions on development strategies, management structure, investment and financing, planning, financial control, personnel matters and corporate governance pursuant to these rules.
- Article 32 The board of directors shall exercise the following powers on development strategies and management plan:
- I. Powers requiring approval from shareholders' general meeting:
    1. to formulate the business policies and investment plans of the Company;
    2. to formulate proposals on investment, acquisition or disposals of assets that shall be submitted to shareholders' general meeting for approval (in accordance with these Articles of Association and other applicable rules);
    3. to formulate proposals for an increase or reduction of the Company's registered capital and repurchase of the Company's shares;
    4. to formulate proposals for increases in the Company's share capital;
    5. to formulate proposals on merger, division and dissolution of the Company;
    6. to file a winding up petition for the Company;
    7. to propose amendments to these Articles of Association;
    8. to put forward specific proposals on changing the use of proceeds from issuance of shares.
  - II. Directors can exercise the following power independently without approval from the shareholders' general meeting:
    1. to determine plans for improving the operation and management of the Company or for enhancing the operating results of the Company;
    2. to decide on the business plans, audit work plans and investment proposal of the Company;
    3. to determine plans for internal organs of the Company and establishing the working organs of the board of directors;
    4. to decide on the setting-up of specialised committees and appointment or dismissal of the chairman and committee members of the specialised committees;
    5. to formulate proposals on investment, acquisition or disposal of assets within the scope of power of the board of directors;
    6. to decide on other major operational and management issues which are not specified to require shareholders' approval in the shareholders' general meeting under these Articles of Association or these rules.



- Article 33 The board of directors shall exercise the following powers on financial management of the Company:
- I. Powers requiring approval from shareholders' general meeting:
    1. to consider and approve the Company's annual budget and final accounts;
    2. to formulate the Company's profit distribution plan and plan for making up accrued loss;
    3. to examine the financing plans of the Company, such as bond issuance plan;
    4. to consider and approve proposals for asset disposal such as assets pledged, leased, subcontracted or transferred, etc. and guarantees that shall be submitted to shareholders' general meeting (in accordance with these Articles of Association and applicable rules); and
    5. to formulate proposals for appointment or removal of accounting firm by the Company.
  - II. Directors can exercise the following powers independently without approval from the shareholders' general meeting:
    1. to decide on the annual borrowing plan and guarantee plan of the Company within the scope of the annual budget approved by the shareholders' general meeting;
    2. to decide on proposals for asset disposition such as asset pledged, leased, subcontracted or transferred within the scope of power of the board of directors;
    3. to decide on implementation plan of lease contracts, transaction contracts within the Company's budget or plan;
    4. to determine the total amount of guarantee to be given by the Company in the year for the borrowings of its subsidiaries;
    5. to approve donations to social charity and other charitable and business sponsorship or donations not exceeding RMB 1,000,000 in aggregate;
    6. to manage matters relating to disclosure of the financial information of the Company.
- Article 34 The board of directors shall exercise the following powers on the management of the Company and personnel matters of the Company:
- I. Powers requiring approval from shareholders' general meeting:
    1. to fix the directors' remuneration scale;
    2. to propose candidates for directorship and review candidates for directorship nominated by shareholders; and
    3. to work with the supervisory committee to evaluate the performance of directors, and to propose the removal of directors based on the evaluation.
  - II. Directors can exercise the following powers independently without approval from shareholders' general meeting:
    1. to decide the Company's policies for human resources development and the strategies and plans to be adopted;
    2. to decide on the principal duties and scope of powers of president, the officers in charge of financial affairs and the secretary to the board of directors;
    3. to appoint or dismiss president and secretary to the board of directors; to appoint or dismiss other senior management, officers in charge of financial affairs or any other person as designated by the board of directors according to the nomination of the president;



4. to determine the salary and allowance of directors and decide on share option scheme (or similar arrangement) according to the authorisation of the shareholders' general meeting;
5. to assess the work performance of the president, and to decide on plans for the succession of directors, president, the secretary to the board of directors and other senior management.

Article 35 The board of directors exercises the following powers on corporate governance:

1. to develop and review the fundamental management system of the Company and the Company's policies and practices on corporate governance;
2. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
3. to manage the disclosure matters of the Company;
4. to review and monitor the training and continuous professional development of directors and senior management;
5. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
6. to review the Company's compliance with the securities regulatory rules of the place where the shares of the Company are listed and disclosure such matters to the shareholders.

Article 36 The board of directors shall exercise the following powers on the supervision and examination on the development and operations of the Company:

1. to supervise the implementation of the development strategy of the Company;
2. to supervise, examine the implementation of the annual financial budget and final budget of the Company; to monitor the progress of various plans;
3. to evaluate the operating results of the Company on an annual basis, so as to spot any operating problem promptly, to put forward suggestions for improvements and to supervise their implementation by the senior management of the Company;
4. to timely evaluate the operating improvement plans of the Company and the results of their implementation; to investigate any major problems in the operations of the Company;
5. to identify any stumbling blocks faced by the Company in its development; to detect the changing trend of the Company's development and to put forward suggestion for rectifying the direction of the Company's development;
6. to discuss the opportunities available to and risks faced by the Company in its course of development, and any change in any objective factors which may have any extensive impact on the Company;
7. to ensure a smooth flow of information in the Company; to make assessments on information to ensure their accuracy and completeness, and make sure that the information can be available in a timely basis.
8. to review the effectiveness of the internal supervise system, and such review shall cover all the important matters, including financial monitoring, operation monitoring, monitor on the compliance with laws and regulations and risk management functions, etc.

Article 37 The board of directors shall regulatory review the contribution required from a director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing them.



Article 38 Where there are more than two executive directors, the board of directors may, on condition that the board of directors ensures its management of the Company, assign part of the powers to all the executive directors in order to improve the sufficiency of the decision-making.

The executive directors shall review matters in accordance with Chapter 9 of these rules and the decisions made within the authorisation shall be equal to the decisions made by the board of directors.

Article 39 The board of directors shall assign the general authorisation to executive directors as follows:

1. the alternation and expansion of the toll stations of the road project;
2. the transaction which does not meet the disclosure standard, which include toll highway business, environmental protection business (limited to disposal of hazardous waste, environmental and sanitation integrated business, and water environment remediation), advertisement business and infrastructure construction (with capital investment) business (formerly known as "BT", including the development of the surrounding lands);
3. the transaction which is conducted through tender, bidding or similar methods and meet the disclosure standard, the executive directors may exercise their discretion to make a guarantee payment of not more than RMB60 million and proceed with the applicable decision making procedures at the board meeting and general meeting (if applicable) after winning the relevant tender or bidding;
4. the disposal or encumbrance imposition plans on assets such as charge, pledge, leasing, subcontract or transfer, etc. which does not meet the disclosure standard;
5. the plan of ten per cent adjustment within the approved scale of the approved investment or the assets acquisition plan;
6. the connected transactions which beyond the approve powers of the president but do not meet the disclosure standard;
7. the investment budget of the build and entrusted management business which beyond the approve powers of the president but do not meet the disclosure standard;
8. the operation entrusted management business and entrustment of road asset or business to third party which does not meet the disclosure standard;
9. the pre-development costs of investment projects which take up less than three per cent of the investment budget but not more than RMB30 million;
10. the society charity donations and the money used in sponsoring or donating to the other charity or business activities, which not exceed RMB1 million per year;
11. the detailed implementation plans of the award scheme (not including the award scheme of the executive directors themselves) or incentive scheme approved by the board of directors or its specialized committee;
12. the proposals on the establishment and adjustment to the internal management organization of the Company;
13. other general authorisation empowered by the board of directors based on the Company's actual conditions.

## Chapter 5 Specialised Committees of the Board of Directors

Article 40 The board of directors shall establish specialised committees according to its actual needs.

Article 41 The members of the specialised committees are made up of directors. The specialised committees may appoint professional parties to be consultant of related issues according to their needs.



- Article 42 The term of office of the members of the specialised committees shall be three years, which term is the same as the term of office of the directors.
- Article 43 The Company shall formulate terms of reference of the specialised committees which shall be approved by the board of directors for every specialised committee to clearly delineate their scope of power. The terms of reference shall be followed by every specialised committee as important guidelines and basis for their works. The specialised committees which are accountable to the board of directors shall act within the scope to execute the powers conferred by the board of directors and shall submit their work reports and make suggestions to the board of directors.
- Article 44 The specialised committees may invite other directors, senior management, managers of departments or other relevant parties to be present at their meetings according to the need of the matters to be discussed. When exercising the powers, the specialised committees shall access to the independent professional advice if necessary.
- Article 45 The specialised committees shall be provided with sufficient resources to perform their duties. The specialised committees may retain professional institutions or professionals to get independent advices, of which reasonable costs incurred shall be borne by the Company.

#### ***Section 1 — Audit Committee***

- Article 46 The audit committee is principally responsible for conducting independent and objective audits on the economic operation, financial activities, financial policies, financial work procedures, internal control, external audit, internal audit, financial information report, and the truthfulness and accuracy of the financial data of the Company, to assist the board of directors in performing the relevant duties and responsibilities. The audit department of the Company shall be led by the audit committee.
- Article 47 The audit committee shall comprise three to five non-executive directors, of which at least a simple majority shall be independent directors. The audit committee shall have a chairman, who shall be an independent director.
- Article 48 The members of the audit committee shall be familiar with the characteristics of the business and the mode of operation of the Company, and shall have a relatively good financial knowledge, solid commercial experience and enterprise management skills. At least one member of the audit committee shall be independent director who is a professional accountant and meets the requirements of the securities regulatory authorities.
- Article 49 The audit committee shall meet at least four times annually. The meetings shall respectively be convened prior to the adoption by the board of directors of the periodical reports of the Company.

#### ***Section 2 — Strategy Committee***



Article 50 The strategy committee of the Company is principally responsible for examining and formulating policies for long-term development strategies of the Company.

Article 51 The strategy committee shall comprise four to five directors. It shall include the chairman of the board of directors, at least one executive director and independent director. The chairman of the strategy committee shall be the chairman of the board of directors.

Article 52 The members of the strategy committee shall be familiar with the characteristics of the business development and operation of the Company, possess certain business acumen and comprehensive judgment, and an understanding of the trend of macroeconomic policy of China and the trend of domestic and overseas economic and industry development.

Article 53 The strategy committee shall meet at least once a year.

### ***Section 3 — Remuneration Committee***

Article 54 The remuneration committee of the Company is principally responsible for formulating remuneration policy and incentive scheme as well as setting out the assessment criteria of the directors and senior management of the Company and shall conduct the assessment accordingly.

Article 55 The remuneration committee shall comprise three to five directors, of which at least a simple majority shall be independent directors. The remuneration committee shall have a chairman, who shall be an independent director.

Article 56 The remuneration committee shall meet at least once a year.

### ***Section 4 — Nomination Committee***

Article 57 The nomination committee of the Company is principally responsible for determining the strategy and plan for human resources development and reviewing and giving opinion on the criteria and procedures of nomination and selection of the Company's directors and senior management.

Article 58 The remuneration committee shall comprise three to five directors, of which at least a simple majority shall be independent directors. The remuneration committee shall have a chairman, who shall be an independent director.

Article 59 The remuneration committee shall meet at least once a year.

### ***Section 5 — Risks Management Committee***

Article 60 The risks management committee (the "Risks Committee") of the Company is principally responsible for supervising the implement of the risk management of the Company, to ensure that the Company can operate effective risk management plans on the risks related with the business activities, and control the risk within a reasonable scale.



Article 61 The Risks Committee shall comprise three to five directors, one of which shall be the chairman of the Risks Committee.

Article 62 The members of the Risks Committee shall come from different business backgrounds, who are equipped with necessary and authoritative skills and experience, good knowledge in the external environment of business operations including social, political, economic and legal framework and the industry environment, etc.

Article 63 The Risks Committee shall meet at least once a year.

## **Chapter 6 Chairman of the Board of Directors**

Article 64 The chairman of the board of directors shall be elected or removed by a simple majority of all the directors. The term of office of the chairman shall be three years, and shall be renewable if the chairman is re-elected.

Article 65 The eligibility requirements for the post of chairman of the board of directors:

1. integrity and industriousness; a capability to set an example through personal conduct, honesty and uprightness; impartiality and righteousness;
2. a good democratic work style, broadness in mind, appointment by merits, good leadership, an ability to close ranks;
3. extensive experience in enterprise management and market acumen; sharp thinking; innovativeness; an ability to analyze and judge correctly on the domestic, foreign and macro-economic situation and market development trend; and ability to take an overview and overall control, and to organise and coordinate; good at decision making; willingness to take responsibilities;
4. a relatively strong work ability in the field; a good ability to coordinate between the board of directors, specialised committees, senior management, and other internal organisations of the Company; an ability to bring all positive factors into full play to work together for the goal of the Company;
5. more than 10 years' experience in management, at least five years of which shall be experience of enterprise management, a versatility with the macro-conditions and basic knowledge of the field; a good grasp of the relevant policies, laws and regulations of the State;
6. youthfulness and dynamism, a relatively strong sense of mission, responsibility and pioneering spirit; an ability to turn a new leaf in complicated, and particularly difficult circumstances.

Article 66 The chairman of the board of directors is the legal representative of the Company. The chairman of the board of directors exercises the following powers:

1. to preside over the shareholders' general meeting; and to examine the materials passing for resolutions and various reports provided by the Company to the shareholders;



2. to convene and preside over the meetings of the board of the directors, to coordinate the work of the specialised committees of the board of directors, and to lead the day-to-day work of the board of directors;
3. to supervise and monitor the implementation of the resolutions of the board of directors;
4. to sign share certificates and securities issued by the Company;
5. to approve and sign contracts and documents and make payments within the scope of authority granted to it pursuant to resolutions of the shareholders' general meeting or the board meeting;
6. to be entitled to cast an additional vote at a voting of the board of directors when there are same number of votes for two different opinions;
7. to exercise special discretion right and right of disposal pursuant to laws and the interests of the Company during emergencies, such as war or major natural disasters, and subsequently make a report on the matter to the board of directors and the shareholders' general meeting;
8. to approve the designation or recommendation of the candidates of directors, supervisors or senior management to those enterprises invested by the Company;
9. to examine and supervise the honesty and self-disciplinary of the directors, president and other senior management of the Company;
10. such other functions and powers as conferred by the board of directors or stipulated by these Articles of Association.

Article 67 If the chairman of the board of directors, for some reason, cannot perform his/her functions for a short period of time, the chairman of the board of directors shall designate other directors to temporarily perform his/her powers on his/her behalf. If the chairman of the board of directors cannot perform his/her functions for a long period of time or he/she does not perform the functions, the board of directors shall elect new chairman of the board of directors or more than one-half of directors shall elect a director jointly to perform the powers.

Article 68 The chairman of the board of directors shall be responsible for the management of the operation of the board of directors, and leading the board of directors to make strategy and fulfill the objects of the group, and his/her main functions are as follows:

1. to be accountable to and report the work to the board of directors;
2. to ensure that the board of directors are operated effectively and they can discuss all the important matters on time, to encourage all the directors devote themselves in the board of directors, to ensure that all the directors shall be informed with all the matters discussed by the board of directors appropriately and all the directors receives sufficient, complete and reliable information on time;
3. to promote a culture of public and positive discussion, to enhance directors (especially the non-executive directors) to make effective contributions to the board of directors, and ensure the constructive relationship between the executive directors and non-executive directors;
4. to ensure that the Company prepares good practice and procedures on corporate governance;
5. to ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board of directors as a whole;
6. to bear full liabilities for any harm caused to the Company as a result of act done ultra vires of the board of directors by himself/herself or by anyone under his/her authority;



7. to bear principal leading liability for any harm caused to the Company as a result of any of his/her improper and perfunctory supervision on the president and the secretary to the board of directors; and
8. such other functions as stipulated by laws and regulations, and these Articles of Association.

Article 69 The chairman of the board of directors shall exercise strict self-disciplinary regarding the following matters:

1. shall not arrange any of his/her relatives to work in the middle and senior management of the Company;
2. shall not arrange any of his/her relatives to work in the secretariat to the board of directors, or in the human resources management, financial or audit departments;
3. shall not arrange any of his/her relatives to work as senior management or officers in charge of financial affairs in any subordinate enterprise of the Company;
4. shall not arrange any relationship of investment, operation, borrowing and lending or guarantee between the Company and any company in which the chairman himself/herself or his/her relatives has/have investment.

## **Chapter 7 Independent Directors**

Article 70 One-third of the members of the board of directors of the Company shall be independent directors and at least one of them shall be a professional accountant. The independent directors shall act in good faith in the performance of their duties to protect the interests of the Company and in particular to prevent the lawful interests of the public shareholders from being infringed.

The independent directors shall perform their duties independently and shall not be influenced by the substantial shareholder or de facto controller of the Company or by the entities or individuals that have interest in the Company, the substantial shareholders or de facto controller of the Company.

Article 71 Material connected transactions of the Company (as defined by the relevant regulations of the China Securities Regulatory Commission) or appointment or removal of an accounting firm shall only be proposed for consideration by the board of directors if approved by more than half of the independent directors. With the consent by more than half of the independent directors, independent directors may request the board of directors to summon extraordinary general meeting or board meeting and may publicly collect votes from shareholders before convening of the shareholders' general meeting. Independent directors may independently engage an external auditing firm or consultancy firm for audit or consultation of a particular matter of the Company and the relevant expenses shall be borne by the Company.

Article 72 Independent directors shall submit an annual report in the name of all the independent directors at the annual general meeting of the Company, describing in detail the performance of their duties.

Article 73 The Company shall establish a working system for independent directors. The secretary to the board of directors shall actively assist the independent directors to perform their duties. The Company shall ensure the independent directors enjoy the access to information as



other directors do, provide relevant information and materials to independent directors on a timely basis, report the operations of the Company to independent directors on a regular basis, and if necessary, organise site-visits for independent directors.

Article 74 The term of service for independent directors shall be the same as other directors of the Company and shall be re-elected upon expiry of the term, provided the term of consecutive service shall not be more than 6 years. Independent directors shall not be removed without proper cause before the expiry of the term of service. In case of removal before the expiry of the term of service, the Company shall disclose the same as a specific disclosure event.

Article 75 Independent directors may resign before expiry of the term of service. Upon resignation, the independent director shall submit resignation report in writing to the board of directors, describing any matters relevant to his/her resignation that shall be brought to the attention of shareholders and creditors of the Company.

If resignation of independent directors renders the number of independent directors or members of the board of directors less than the minimum requirements under the laws or these Articles of Association, prior to the commencement of service by the replacement, independent directors shall perform their duties in accordance with laws and regulations and these Articles of Association. The board of directors shall summon a shareholders' general meeting within 2 months for the replacement of independent directors. Should a shareholders' general meeting not summoned within the stipulated period, independent directors may cease to perform their duties.

## **Chapter 8 Secretary and Secretariat to the Board of Directors**

Article 76 In the board of directors, there shall be secretary and secretariat to the board of directors to assist the board of directors to perform the functions and to handle daily administrative works.

Article 77 Secretary to the board of directors shall be nominated by the chairman of the board of directors, and appointed and removed by the board of directors.

Article 78 Directors or other senior management (except supervisors) may at the same time act as the secretary to the board of directors. Accountants of the accounting firm and solicitors of the solicitors' firm engaged by the Company shall not at the same time act as the secretary to the board of directors.

In the event that a director acts as the secretary to the board of directors and a certain act has to be performed separately by a director and the secretary to the board of directors, such person who is at the same time the director and the secretary to the board of directors shall not perform such act in both capacities.

Article 79 The secretary to the board of directors shall be a natural person having requisite professional knowledge and experience with a minimum of university qualification and over three years' working experience in finance, auditing and accounting, business management, law or the area of the secretary to the board of directors of listed companies, etc., and join the professional training organised by the securities regulatory authorities and get the relevant qualification or meet the required qualifications. His/her coordination



must be strong with fine work. He/she must faithfully discharge his/her duties, have good writing skills and be able to handle administrative works.

Circumstances prohibiting persons from acting as directors of the Company as set out in Article 9 of these rules shall be applicable to the secretary to the board of directors.

Article 80 The principal duties of the secretary to the board of directors are as follows:

1. provide to and assist the directors in understanding the relevant laws and regulations and the obligations; assist the directors to comply with the requirements of relevant laws and regulations and these Articles of Association, etc.;
2. be responsible for the management of the disclosure matters;
3. be responsible for the management of the investor relationship matters;
4. be responsible for the management of the shares of the Company, to ensure that the register of the shareholders is properly kept;
5. responsible for the preparation of the shareholders' general meeting and the board of directors' meeting;
6. assist the board of directors to enhance the corporate governance system;
7. assist the board of directors to make the financial market development strategy of the Company, and assist to prepare or implement the re-financing of the financial market or acquisition and reorganisation matters;
8. responsible for communications and co-ordination among directors; report to the directors the material circumstances of the Company; answer relevant questions raised by the directors;
9. ensure that the Company prepare and submit the documents and materials required by the securities regulatory authorities, responsible for the communication with the securities regulatory authorities and accept and complete the task issued by the securities regulatory authorities;
10. other duties requested to be performed by the securities regulatory authorities and the board of directors.

Article 81 The secretariat to the board of directors is the daily operation organs of the board of directors. Its principal duties are:

1. handle daily administrative works in accordance with the requests of the board of directors and the chairman of the board of directors; coordinate the works among divisions in the board of directors;
2. responsible for the preparation of relevant documents of the board meeting and proposals of the board of directors which shall be submitted to the board of directors for consideration in accordance with the requirements, and provide the information and materials which are necessary for the directors' performing functions;
3. prepare the board meetings and the meeting of shareholders' general meeting; prepare minutes for the meetings; take initiative to investigate the execution of the relevant resolutions;
4. responsible for managing detailed matters relating to the disclosure, understanding the incurred important matters of the Company positively and knowing the material business decision and relevant information on time;
5. responsible for the management of share certificates of the Company;



6. as required by the board of directors, participate in the consultation on and analysis of the matters to be decided by the board of directors, offering relevant opinions and suggestions;
7. take initiative and active communication with the securities regulatory authorities; prepare documents and materials need to be submitted by the Company on the requirements of the securities regulatory authorities, implement and organise the working task issued by the securities regulatory authorities;
8. coordinate and handle the relationship between the Company and investors, and keep fluent communication with the investors, agents and media;
9. manage the documents relating to the shares of the Company, disclosure, corporate governance system, shareholders' general meeting and the board meeting;
10. complete other matters required by the board of directors and directors;
11. complete other matters designated by directors.

## **Chapter 9 Board Meeting**

### ***Section 1 — Meeting Preparation and Notices***

- Article 82 The board of directors shall hold meetings on a regular basis. The board of directors shall convene meetings at least four times a year.
- Article 83 The board of directors shall convene full board meetings prior to the publication of the periodic results and interim results. When compared to the resolutions passed by circulation of the documents, full board meetings must be attended by a majority of the directors in person, discussing and passing the resolutions. Every director must at least attend one of the meetings.
- Article 84 The chairman of the board of directors shall convene a provisional board meeting upon occurrence of any of the following circumstances:
1. when the chairman of the board of directors thinks fit;
  2. when jointly proposed by above one-third of the directors;
  3. when proposed by the supervisory committee;
  4. when proposed by the president;
  5. when proposed by above one-half of the independent directors.
  6. shareholders holding 10% or more of the voting rights.
- Article 85 The written notice of a regular board meeting shall be given to all directors by hand, by fax, by mail or by other method agreed by the directors fourteen days before the date of such meeting. All directors shall be notified of the ad hoc board meetings by the abovementioned manners five days before the date of such meeting.



Where the notice has given, if the time of the meeting need to be postponed, the place of the meeting need to be changed or the agenda of the meeting increased, decreased or is cancelled, the alternation notice shall be given three days prior to the designated date of the meeting and explain the matters changed.

In case of emergency where compliance with the above time-frame is not possible, all directors may sign a letter to agree and accept convening of a board meeting within a short time or adjust the agenda of the meeting.

Article 86 Written notice of a board meeting shall contain time, place, agenda of such meeting and the date of the issue of such notice.

Article 87 Before the notice is given, the secretariat to the board of directors shall collect the opinions of the board of directors and formulate the agenda for the consideration and approval of the chairman of the board of directors. Prior to the consideration of the agenda, the chairman of the board of directors shall collect the opinions of the president and the senior management if necessary.

Article 88 Where the board of directors' extraordinary meeting is held in accordance with paragraph 2 to 6 of Article 84 of these rules, the proposer shall submit the signed proposals in writing through the secretariat to the board of directors or submit the same to the chairman of the board of directors. The proposals shall include the follows:

1. the name or the description of the proposer;
2. the reasons or the object facts of the proposals;
3. the time, period, place and method of the proposed meeting;
4. the clear and detailed agenda;
5. the contact method of the proposer and the date of the proposal, etc.

The agenda shall fall within the scope of the functions and power of board of directors stipulated in these Articles of Association, and the resolutions and materials relating to the agenda shall be submitted together.

The chairman of the board of directors shall convene the board meeting within five working days upon the receiving of the proposal. If the chairman of the board of directors thinks the agenda is not clear or the content and materials are not sufficient, he/she shall suggest the proposer to make amendments or supplements. If the meeting cannot be held due to the agenda is unclear, it violates the requirements of laws and regulations or these Articles of Association, or the agenda with amendments or supplements are still unclear, the chairman of the board of directors shall make a duly explain to the proposer.

Article 89 If the chairman of the board of directors thinks the relevant agenda is non-material agenda and such agenda need not to be discussed, pursuant to the procedures of Article 109, the resolution can be formulated by signing the written resolution and the meeting notice need



not to be issued. Where more than one-third or one-half of directors think it is necessary to held a meeting, such directors can propose to held a meeting jointly.

Article 90 After adopting the proposal into the proposed resolutions upon review by the chairman of the board of directors, the relevant department and staff shall give the formal proposed resolutions to the secretariat to the board of directors as soon as possible upon issuing the notice of board meeting. Relevant materials shall be given to all directors by hand, by fax, by courier or by other methods agreed by the directors at least three days prior to the date of the meeting. Directors can request for supplementary materials.

Article 91 The directors shall confirm as soon as practicable upon receipt of the notice of the board meeting whether to attend board meeting or not.

Article 92 When more than one-third of the directors or at least two independent directors consider that the information is inadequate or the proposed resolution is uncertain, they may jointly request to postpone board meeting in writing or adjourn part of the proposed resolutions in agenda, the board of directors shall follow the same.

Article 93 The board of directors' meeting shall be presided by the chairman. If the chairman of the board of directors is unable to chair the board meeting, he/she shall designate one of the directors to convene and hold the board meeting on his/her behalf. If the chairman of the board of directors does not designate any director to perform duties on his/her behalf, more than one-half of the directors may jointly nominate one director to convene and chair such board meeting.

Article 94 Where the executive directors make decision under the general authorisation of the board of directors, they shall convene the executive directors' meeting. Otherwise there are other requirements, the procedures of the executive directors' meeting shall be as same as that of the board meeting.

Article 95 The executive directors meeting may be convened by any executive director. There is no limitation on the time and method of notice but the director who convenes the meeting shall explain the time, place, agenda of the meeting and provide the proposals and relevant documents to facilitate the consideration and decision of the executive directors' meeting. The president is responsible for the submitting and reporting the review results and opinions of the president's office on the relevant proposals.

### ***Section 2 — Convening of Meeting***

Article 96 The board meeting shall only be convened upon more than half of the directors attending the meeting. The directors who by written instrument appoint another director to attend the board meeting on his/her behalf shall be deemed to have attended such board meeting.

Article 97 As a principle, directors shall present the meeting in person. If the directors are unable to attend the board meeting for reasons, he/she shall review the materials of the meeting and form clear opinions, then he/she may appoint in writing other director to exercise his/her powers in the meeting on his/her behalf. The written instrument of appointment shall state the director's reasons for the absence, the nominee's name, scope of appointment and



authorisation, period of validity, and the appointing director shall sign or seal the written instrument.

- Article 98 The limitations of the proxy:
1. The director attending such a meeting on another's behalf shall exercise his/her rights within the scope of authority granted to him/her.
  2. When reviewing the connected transactions, the unconnected director shall not appoint the connected director to attend the meeting.
  3. The independent director shall not appoint non-independent director to attend the meeting.
  4. The director shall not appoint other directors to attend the meeting without stating his/her personal opinion on the proposal and the voting intention.
  5. A director shall not be appointed by more than two directors.

Article 99 The director who is unable to attend the board meeting and has not appointed other director to vote on his/her behalf shall be treated to have had waived his/her vote in such board meeting. The director waiving his/her vote shall not exonerate his/her joint liability for any resolutions passed in such board meeting.

Article 100 Board meeting may be convened by communications facilities, including but not limited to telephone, internet or other similar communication methods. Provided that the attending directors are able to hear other directors clearly, understand their opinions and communicate with each other, all attending directors shall be deemed to have attended the board meeting in person.

Article 101 The executive directors meeting shall be convened on condition that more than two-thirds of the executive directors attend the meeting. The executive directors shall exercise the voting rights in person and shall not appoint others to exercise such rights.

The executive directors' meeting shall be presided by an executive director who is recommended jointly by more than one-half of the executive directors attending the meeting. As a principle, the secretary of the meeting shall be the secretary to the board of directors.

### ***Section 3 — Validity of Resolutions and Directors' Responsibility***

Article 102 Every director has one vote. In case of equality between vote for and vote against a resolution, the chairman of the board of directors has one casting vote.

There are three kinds of a director's voting, for, against and abstain from voting, a director who votes against or abstain from voting shall explain the reasons and the basis; where a director who does not vote or vote more than two intentions at the same time, the moderator or the chairman shall require such director to vote again, if he/she rejects to vote, he/she shall be deemed to be abstain from voting.



Article 103 Otherwise specified in the laws and regulations and these Articles of Association, the board of directors may pass resolutions by majority vote. The following matters must be passed by two-thirds of the directors:

1. proposals for increase or reduction of registered capital and issue of bond;
2. proposals for merger, division and dissolution of the Company;
3. proposal for amendments of these Articles of Association;
4. guarantee for third parties;
5. application for winding up of the Company.

Article 104 When a director has personal interest and conflict with a proposed resolution in board meeting, the challenge circumstances are clearly required under the regulatory rules, or the director thinks himself/herself need to be challenged, such director shall be challenged and without voting rights. When counting the quorum directors attending the meeting, he/she shall not be counted in the quorum. A resolution shall be passed by the board of directors if more than one-half of the directors attending the meeting who are not challenged passed the resolution. Where the directors who are not challenged attending the meeting are less than three persons, the board of directors shall submit such proposal to the shareholders' general meeting' review.

Article 105 The resolutions reviewed in the executive directors' meeting shall be passed by more than two-thirds of the executive directors. Upon the following circumstances occurred, the reviewed resolutions shall be submit to the board of directors' meeting for reviewing:

1. more than one-third of the executive directors object the resolution;
2. pursuant to the relevant regulatory rules or the requirements of the corporate governance rules, there are challenge circumstances that leads to the executive directors who can vote in the meeting is less than two-thirds of the total number of the executive directors;
3. the president of the Company or more than one-third of the executive directors propose to submit the resolution to the board of director's meeting for discussion.

Article 106 The directors shall have responsibility for board resolutions.

When the Company suffers loss as a result of board resolutions violating the law and regulations or these Articles of Association:

1. the director who votes for the resolutions or appoints other director to vote for the resolutions shall bear the direct responsibility;
2. the director who votes against and states his/her objection when vote and requests such objection to be recorded in board minutes shall be exonerated from the responsibility;
3. the director who abstains his/her votes or neither attends nor appoints other person to attend board meeting shall not exonerated from the responsibility;
4. the director who states his/her objection in the discussion but does not vote against the resolutions or who does not clearly state objection and does not request to record his/her objection in board minutes shall not exonerated from the responsibility;



5. when the independent directors have conflicting view with other directors and this is recorded in board minutes, the independent directors and other directors shall bear respective responsibility accordingly.

#### **Section 4 — Rules of Procedures**

Article 107 The procedures for the board meeting convened by the board of directors in accordance with the agenda as set out in the notice of the board meeting:

1. introduction by the persons who make the proposed resolutions or by the directors or related persons in charge of the matter;
2. attending directors raise questions and discuss; the directors shall read the relevant materials carefully and give opinion independently and prudentially on the basis of understanding the materials;
3. if there is unanimous view, the chairman may propose to pass the resolutions by hands or votes; if the difference among the views are large, the resolutions shall be passed by votes, and the directors who against or abstain from voting shall explain the reasons and the basis;
4. the resolutions of the board of directors shall be in writing and the attending directors and the appointed directors shall sign on the board resolutions.

Article 108 The board of directors shall prepare minutes of meeting for the decision made in relation to the matters considered in the meeting.

The minutes of meetings of the board of directors shall include the following:

1. date and venue of the meeting and the name of the convener;
2. names of the directors attended in person and names of the directors (proxies. who are appointed by others to attend the board meeting);
3. agenda of the meeting;
4. key points of the directors' speeches;
5. voting method and results of each of the resolutions.

The draft and final version of the minutes of the board meeting shall be sent to all the directors within a reasonable time after the meeting. The draft minutes is for the directors' comments and the final version is for the inspection.

The minutes of the board meeting, the signatures of the directors who attend the meeting and the proxy instrument shall be kept together as the Company's file. The board meeting may also be kept by way of conference recording, etc. so as to formulate a reference to the minutes of meeting.

Article 109 The board of directors may pass resolutions by signing resolutions in writing on



non-material matters. The procedures for formulating the resolutions are as follows:

1. the draft resolutions shall be sent to every director by hand, by fax, by courier or by other method agreed by such director within a reasonable time;
2. all directors shall sign for, against or abstain from voting on the draft resolutions upon receipt; the directors who sign against or abstain from voting shall explain the reasons and basis;
3. the signed resolutions shall be sent to the secretary to the board of directors by hand, by fax, by courier or by other method agreed by such director;
4. if the directors who sign for on the resolution forms the quorum, the draft resolutions shall form resolutions of the board of directors;

Article 110 The executive directors shall make minutes of the resolutions and all the executive directors who attend the meeting shall sign on the minutes. The minutes shall include the time, place, the attending members, the particulars and the content of the resolution.

Article 111 Where a resolution is not passed, if the relevant conditions and factors are not materially changed, the board of directors shall not review the same resolution within one month.

Article 112 Material matters shall not be passed by other methods. Matters involving conflict of economic interest of the major shareholder or directors shall be passed in a board meeting. If the board of directors pass resolutions in other methods other than convening a board meeting, it shall report such resolutions to all the directors periodically.

Article 113 Unless with the prior notice, non-director president and supervisors may attend board meetings, have the rights to receive notice of the meetings of the board of directors and speak in such meetings. The board of directors may as required by work invite other persons to attend the meetings. The secretariat to the board of directors shall give notice of and arrange the schedule of the meetings of the board of directors. Attendees do not have rights to vote.

Non-director president may request for review of the resolutions passed upon his/her proposal once.

#### **Section 5 — Others**

Article 114 The files of the board of directors, including but not limited to the resolutions of the board of directors, the minutes, the resolutions in writing and the minutes of the executive directors' meeting, etc., shall be kept as the Company's files for ten years.



All the directors are entitled to inspect the documents above or require the Company to provide the copies of the documents above.

- Article 115 The costs of the directors' attending the board meeting shall be borne by the Company. These costs includes the traffic fees from the place the director lives to the place of the meeting, accommodation fees during the meeting, the rental of the meeting place and the local traffic fees.

### **Chapter 10 Supplementary Provisions**

- Article 116 Otherwise specified in the Rules, the definitions of the words used in the rules are as same as that used in these Articles of Association.
- Article 117 When there are matters not mentioned in the Rules or when the Rules are inconsistence with the regulations promulgated or amended from time to time, provisions of the relevant law, rules and regulations and these Articles of Association shall be implemented.
- Article 118 The Rules are the schedule to these Articles of Association. They are drafted, amended and interpreted by the board of directors. The Rules and their amendments become effective upon approval by the shareholders' general meeting.