

**Qilu Expressway Company Limited**

**齊魯高速公路股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1576)**

## **ARTICLES OF ASSOCIATION**

Jinan, PRC

# The Articles of Association (the “**Articles**” or the “**Articles of Association**”) of the Company are originally drafted in Chinese and the English translation thereof is for your reference only. In case of any inconsistencies between the Chinese version and the English version, the Chinese version shall prevail.

## CONTENTS

<b>Chapter</b>	<b>Heading</b>	<b>Page</b>
1	General Provisions	3
2	Business Objectives and Scope	4
3	Shares, Share Transfer and Registered Capital	5
4	Reduction of Capital and Repurchase of Shares	7
5	Share Certificates and Register of Shareholders	8
6	Shareholders	11
7	General Meetings	14
8	Board of Directors	28
9	Party Organization	39
10	Secretary to the Board of Directors	41
11	General Manager	42
12	The Supervisory Committee	44
13	Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management of the Company	47
14	Financial and Accounting Systems and Profit Distribution	49
15	Appointment of Accounting Firm	52
16	Insurance	53
17	Employment System and Labour Unions	53
18	Merger and Division of the Company	53
19	Dissolution and Liquidation of the Company	54
20	Procedures for Amendments to the Articles of Association of the Company	56
21	Notices and Announcements	57
22	Settlement of Disputes	58
23	Supplementary Provisions	58

# ARTICLES OF ASSOCIATION OF QILU EXPRESSWAY COMPANY LIMITED

## CHAPTER 1: GENERAL PROVISIONS

**Article 1** For the purposes of protecting the lawful rights and interests of Qilu Expressway Company Limited (hereinafter the “**Company**”) and its shareholders, staff and creditors, as well as regulating the organization and acts of the Company, these Articles of Association are formulated in accordance with the *Company Law of the People’s Republic of China* (the “**Company Law**”), *Securities Law of the People’s Republic of China* (the “**Securities Law**”), and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Listing Rules**”), with reference to the Guidelines on the Articles of Association of Listed Companies issued by the China Securities Regulatory Commission (“**CSRC**”) and other relevant regulations.

**Article 2** The Company is a joint stock company with limited liability established in accordance with the Company Law, Securities Law and other relevant laws and administrative regulations of the People’s Republic of China (the “**PRC**”) in the PRC. The Company is established as a joint stock company with limited liability by its promoters through conversion of Shandong Jihe Expressway Company Limited.

The Company was registered with and has obtained a business license from the Jinan Administration for Industry and Commerce on 6 December 2016. The Company’s business license number is 91370100758253271C.

**Article 3** On 7 May 2018, the Company was approved by the CSRC to issue for the first time 500,000,000 overseas-listed ordinary shares denominated in Renminbi in Hong Kong; and at the same time, approval was granted for the conversion of 600,000,000 existing shares of the Company held by COSCO SHIPPING (Hong Kong) Co., Ltd. into overseas-listed shares. The aforesaid overseas listed shares were listed on 19 July 2018 on the Stock Exchange of Hong Kong (the “**Hong Kong Stock Exchange**”).

All of the 900,000,000 domestic unlisted shares of the Company were converted into overseas-listed shares and listed on the Stock Exchange on 28 June 2024 after filing with CSRC and approval by the Stock Exchange.

All the shares currently issued by the Company are listed on the Stock Exchange and are collectively referred to as H Shares.

**Article 4** The Company’s registered name:  
In Chinese: 齊魯高速公路股份有限公司  
In English: Qilu Expressway Company Limited

**Article 5** The registered address of the Company: Room 2301, Block 4, Zone 3,  
Hanyu Financial & Business Centre, No. 7000, Jingshi East Road,  
High-tech Zone, Jinan City  
Postal code: 250101  
Telephone number: 0531-87207088  
Facsimile number: 0531-87207077

**Article 6** The registered capital of the Company is RMB2,000 million.

**Article 7** The chairman of the board of directors of the Company shall be the Company's legal representative.

**Article 8** The Company is a joint stock limited liability company with perpetual existence.

The Company is an independent legal entity with independent properties and rights therein, which shall enjoy civil rights and assume civil obligations in accordance with the law.

All of the share capital of the Company is divided into equal shares. The liability of a shareholder of the Company shall be limited to the shares subscribed by that shareholder. The Company shall hold liable for its debt with all of its assets.

**Article 9** The Articles of Association are approved by a special resolution by the general meeting of the Company and shall become effective since then. The Articles of Association shall, as of the effective date, become a legally binding document regulating the organization and conduct of the Company, the relationship between the Company and the shareholders, and the rights and obligations between the shareholders and the shareholders, and shall be legally binding on the Company, the shareholders, the directors, the supervisors, and the senior management. Pursuant to the Articles of Association, the shareholders may sue the shareholders, the shareholders may sue the directors, supervisors, general manager and other senior management of the Company, and the shareholders may sue the Company, and the Company may sue the shareholders, directors, supervisors, general manager and other senior management.

The other senior management referred to in the preceding paragraph shall include the deputy general manager, the chief financial officer, the secretary to the board of directors, the chief economist, the chief engineer, the chief safety officer, and such other personnel as the board of directors may decide to employ.

**Article 10** Upon approval of relevant governmental department, the Company may set up subsidiaries or such branches as sub-branches and representative offices in overseas or the Hong Kong Special Administrative Region (“**Hong Kong**”), the Macao Special Administrative Region (“**Macao**”) and Taiwan, according to its operating and management needs.

**Article 11** The Company may invest in other enterprises, as provided, however, that it shall not become an investor that shall bear several and joint liabilities for the debts of such invested enterprises, unless otherwise provided by law.

**Article 12** The Company shall establish an organization of the Communist Party to carry out the activities of the Party. in accordance with the provisions of the Constitution of the Communist Party of China. The Company shall provide the necessary conditions for the activities organized by the Party.

## **CHAPTER 2: BUSINESS OBJECTIVES AND SCOPE**

**Article 13** The Company's business objectives are: to ensure sustainability and stability of corporate growth and generate satisfying economic returns for the shareholders by adhering to market-oriented policies, fully tapping into capital markets alongside various forms of resources, and focusing on expressway toll collection business amid emerging opportunities in the transportation development. In addition, expressway network resources will be optimized and integrated, while investment and financing vehicles will be established to further transportation development.

**Article 14** The Company's business scope shall be subject to such business scope as approved by the competent administration for industry and commerce.

The Company's scope of business includes: construction, maintenance, management and operation of highways, bridges, tunnels and auxiliary facilities; building decoration and renovation; technical consultation on highway engineering and training services; processing and repair of construction machinery; lease of self-owned equipment; roadside assistance and clearance services; investments in port, highway and waterway transportation; and management of highway information networks (in which case, any business operation that is subject to approval by law may proceed following approval by the relevant authorities).

The Company may change its business scope by law based on the market demands at home and abroad with reference to its own development capacity and business requirements.

### **CHAPTER 3: SHARES, SHARE TRANSFER AND REGISTERED CAPITAL**

**Article 15** The shares of the Company shall be represented by share certificates. The shares of the Company are all ordinary shares. The Company may set up other types of shares as needed, after filing with the CSRC and fulfilling other requirements of the Listing Rules.

**Article 16** The share certificates issued by the Company shall each have a par value of RMB1.

“RMB” referred to in the preceding paragraph means the lawful currency of the PRC.

**Article 17** The Company shall adopt an open, fair and just principle with respect to issuance of shares. Shares of the same type shall have equal rights.

During the issuance of the same type of shares, each share shall have the same conditions of issuance and price. Any such share subscribed by any unit or individual shall charge the same price.

**Article 18** Domestic unlisted shares issued by the Company are centrally deposited with China Securities Depository and Clearing Corporation Limited. H Shares issued by the Company are mainly deposited with a Hong Kong trustee-custodian company entrusted by the Company, or may be held by shareholders themselves. No general meeting is required to be held to vote on the conversion of domestic unlisted shares into H Shares.

**Article 19** The Company issued a total of 1.5 billion ordinary shares to the promoters of the Company upon its incorporation, among others, Shandong Hi-Speed Group Company Limited (the original promoter was Qilu Transportation Development Group Company Limited, which was merged by absorption by Shandong Hi-Speed Group Company Limited on 16 November 2020) subscribed for and held 778.5 million ordinary shares, representing 51.90% of the total issued ordinary shares of the Company, COSCO Shipping (Hong Kong) Co., Limited subscribed for and held 600 million ordinary shares, representing 40% of the total issued ordinary shares of the Company, and Guoneng Power Technology & Engineering Co., Ltd. (formerly Shenhua National Power Shandong Construction Group Limited) subscribed for and held 121.5 million shares, representing 8.10% of the total issued ordinary shares of the Company.

**Article 20** The total number of shares of the Company is 2,000 million shares, all of which are ordinary shares.

**Article 21** The Company or subsidiary(ies) of the Company (including affiliate(s) of the Company) shall not provide any financial assistance in the form of gifts, advances, guarantees, indemnities, or loans to a person who is purchasing or proposing to purchase shares of the Company.

**Article 22** The Company may, based on its operating and development needs, in accordance with the requirements of laws and regulations, after the general meeting to come to a resolution respectively, increase its capital in the following ways:

- (I) public offer of shares;
- (II) non-public offer of shares;
- (III) issuance of bonus shares to its existing shareholders;
- (IV) conversion of capital reserve fund into capital; and
- (V) any other means stipulated by law and administrative regulation and approved by CSRC and the Hong Kong Stock Exchange and recognized by the securities regulatory authority of the place where the Company's shares are listed.

After the Company's increase of share capital by issuing new shares is approved in accordance with the provisions of the Articles of Association, such issuance thereof shall proceed in accordance with the procedures set out in the relevant national laws and administrative regulations.

After the share capital is increased, the Company shall register such change with the authority where the Company was originally registered and issue an announcement.

If the relevant laws, administrative regulations, departmental rules, other regulatory documents and the requirements of the securities regulatory authority of the place where the Company's shares are listed otherwise have provisions in respect of matters related to the aforesaid issuing new shares, such provisions shall prevail.

**Article 23** Unless otherwise stipulated in the relevant laws or administrative regulations or requirements as provided by the Stock Exchange or the Articles of Association, shares in the Company are transferable pursuant to law.

**Article 24** The Company does not accept its own shares as the subject matter of any pledge.

**Article 25** Any share that is already in issue prior to its public offering is not transferable within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange where the Company's shares are listed. Where laws, administrative regulations or the securities regulatory authorities of the place where the Company's shares are listed provide otherwise for the transfer of the Company's shares held by the Company's shareholders or de facto controllers, such provisions shall apply accordingly.

Directors, supervisors and senior management of the Company shall report to the Company about their shareholdings in the Company and the changes therein, and shall not transfer more than 25% of the total number of Company's shares held by them per year during their respective tenure as determined upon assumption of office; and shall not transfer the Company's shares held by them within one year from the date on which the shares of the Company are listed on a stock exchange. The aforesaid persons shall not transfer shares of the Company held by them within half a year after their resignation from their offices.

**Article 26** Any gains from the sale of shares of the Company by any Company's director, supervisor, senior management or shareholder holding 5% or more of the shares in the Company within six months after purchasing such shares or other securities of an equity nature, or any gains from repurchasing such shares of the Company within six months after the sale thereof, shall be attributable to the Company. The board of directors of the Company shall forfeit such gains from the abovementioned parties. However, securities companies holding no less than 5% shares of the Company as a result of taking up unsubscribed shares as an underwriter and unless there are other circumstances prescribed by CSRC and the securities regulatory authority where the shares of the Company are listed.

Shares or other securities of an equity nature held by directors, supervisors, senior management and shareholders of natural persons referred to in the preceding paragraph include those held by their spouses, parents and children and those held by utilizing the accounts of others.

If the board of directors of the Company fails to comply with the requirement set forth in the first paragraph of this article, a shareholder shall be entitled to require the board of directors to effect the same within thirty days. If the board of directors of the Company fails to do so within the said time limit, such shareholder shall be entitled to directly initiate in his/her/its own name proceedings in a court in the interests of the Company.

If the board of directors of the Company fails to comply with the provision set forth in the first paragraph of this article, the director(s) responsible shall be jointly and severally liable therefor in accordance with the law.

#### **CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

**Article 27** The Company may reduce its registered capital. The reduction of the registered capital of the Company shall be subject to the provisions under the *Company Law*, the Listing Rules and other relevant regulations, as well as those procedures set out in the Articles of Association.

**Article 28** The Company must prepare a balance sheet and a list of assets when reducing its registered capital.

The Company shall notify its creditors within ten days of the date when the Company resolves reduction of its registered capital, and an announcement shall be made in a newspaper designated by the stock exchange(s) where the shares of the Company are listed within thirty days of the date of such resolution. Within thirty days upon receipt of the notice from the Company, or, in the case of failure to receive such notice, within forty-five days of the date of the announcement, a creditor is entitled to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

The Company's registered capital may not, upon reduction, be less than the minimum amount prescribed by law.



The Company shall complete the registration of capital reduction with the company registration authority in accordance with the law.

**Article 29** The Company may, subject to the procedures set out in the Articles of Association and the approval of the relevant competent authorities, repurchase its issued shares under the following circumstances in accordance with legal procedures:

- (I) reducing the registered capital of the Company;
- (II) merging with another company that holds the shares of the Company;
- (III) awarding shares in employee share ownership schemes or equity incentives scheme;
- (IV) requesting the Company to acquire the shares of any shareholder who object to the resolutions adopted at the general meeting on merger or division of the Company; or
- (V) using shares for the conversion of corporate bonds issued by the Company that are convertible into shares;
- (VI) being necessary for the Company to preserve the value of the Company and the interests of its shareholders.

**Article 30** The acquisition of the Company's shares by the Company may be carried out by way of public trading, or by other means recognized by laws, administrative regulations and the CSRC, or by the securities regulatory authority of the place where the Company's shares are listed.

Where the Company acquires shares of the Company under the circumstances set forth in Article 29(3), (5) and (6) of the Articles of Association, it shall do so by way of public trading.

**Article 31** After the Company purchases the shares of the Company in accordance with items (I), (II) of Article 29 of the Articles of Association, it shall be resolved by the general meeting; if the Company acquires the shares of the Company under the circumstances stipulated in Article 29(3), (5) and (6) of the Articles of Association, it may be resolved by the board of directors at a meeting attended by more than two-thirds of the directors.

After the Company has acquired the shares of the Company in accordance with the provisions of Article 29 of the Articles of Association, in the case of item (1), the shares shall be canceled within ten days from the date of acquisition; in the case of items (2) and (4), the shares shall be transferred or canceled within six months; and in the case of items (3), (5), and (6), the Company's total shareholdings shall not be more than ten percent of the total issued shares of the Company, and the shares shall be transferred or canceled within three years.

## **CHAPTER 5: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 32** Share certificates of the Company shall be in a registered form.

The share certificates of the Company shall contain the following major particulars:

- (I) name of the Company;
- (II) date of incorporation of the Company;



- (III) class of the shares, nominal value and number of shares represented; (IV) serial number of the share certificate; and
- (V) other matters as required by the Company Law, the securities regulatory authority and the stock exchange of the venue where the shares of the Company are listed;

The Overseas Listed Shares issued by the Company may take the form of certificate of deposit or other derivative forms of stock pursuant to the laws of the listing venue of the Company's shares and local practices governing registration and deposit of securities. During the period when the Overseas Listed Shares are listed on the Stock Exchange, the Company must ensure that all of the title documents relating to the shares listed on the Stock Exchange (including Overseas Listed Shares) include the statements as follows, and the share registrars are instructed and procured not to register the subscription, purchase or transfer of shares in the name of any individual holder unless and until such individual holder submits to the share registrars such properly signed forms, the statement of which shall include as follows:

- (I) the purchaser of the shares agrees with the Company and each shareholder that, and the Company agrees with each shareholder, to comply with and accord with the *Company Law*, the Listing Rules, and other laws, administrative regulations and the Articles of Association.
- (II) the purchaser of the shares agrees with the Company, each shareholder, director, supervisor, general manager and other senior management of the Company that, and any company when acting on behalf of the Company and each director, supervisor, general manager and other senior management agrees with each shareholder that, all disputes and claims arising from the Articles of Association, or any right and obligation stipulated in the *Company Law* and other PRC laws and administrative regulations relating to the affairs of the Company, shall be resolved by litigation in people's court of competent jurisdiction in where the Company is located.
- (III) the purchaser of the shares agrees with the Company and each shareholder that the shares of the Company may be freely transferable by the holder thereof.
- (IV) the purchaser of the shares authorizes the Company to reach an agreement on his/her/its behalf with each of the directors, general manager and other senior management, pursuant to which, such directors, general manager and other senior management shall undertake to comply with and perform their duties to the shareholders in accordance with the Articles of Association.

**Article 33** Share certificates shall be signed by the chairman of the board of directors of the Company. Where any stock exchange where the shares of the Company are listed requires any other senior management of the Company to sign the share certificates, such share certificates shall also be signed by such senior management. The share certificates shall take effect after the seal of the Company is affixed thereto or printed thereon. The share certificate shall only be affixed with the seal of the Company under the authorization of the board of directors. The signatures of the chairman of the board of directors or any other senior management of the Company appearing on the share certificate may also be in printed form.

**Article 34** The Company shall establish a register of shareholders on the basis of the certificates provided by the securities registrar. Shareholders shall enjoy rights and bear obligations according to the type of shares they hold; shareholders holding shares of the same type shall enjoy equal rights and bear equal obligations.

The register of shareholders which shall contain the following particulars:

- (I) the name (title) and address (residence), the occupation or nature of each shareholder;
- (II) the class and quantity of shares held by each shareholder;
- (III) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (IV) the certificate number(s) of the shares held by each shareholder;
- (V) the date on which each person was registered as a shareholder; and
- (VI) the date on which any shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

All acts or transfers of Overseas Listed Shares shall be registered on the register of shareholders for the holders of Overseas Listed Shares maintained at the place where such shares are listed in accordance with the Articles of Association.

If two or more persons are registered as joint shareholders of any shares, they shall be regarded as joint holders of such relevant shares and subject to the following terms:

- (I) the Company does not have to register four or more persons as joint shareholders of any shares;
- (II) the shareholders in a joint account shall jointly and severally pay the amounts payable for relevant share;
- (III) if any of the shareholders in a joint account dies, only the surviving persons of the shareholders in the joint account may be deemed as holders of relevant share of the Company, but the board of directors of the Company is entitled to require the death certificate which it considers to be proper as regard to the amendment to the register of shareholders; and
- (IV) as regard to the shareholders in a joint account for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the stock of relevant share and notice from the Company and to attend or exercise all of the votes relating to the share. The notice which is serviced on the above-mentioned person should be deemed to be serviced on all of the shareholders in the joint account for relevant share.

**Article 35** Except as otherwise provided by laws and regulations, regulatory requirements and the relevant regulations and rules of the securities regulators where the Company's shares are listed, all H Shares which have been fully paid-up may be freely transferable in accordance with the Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any documents of transfer without producing any reason therefor:

- (I) all documents of transfer and other documents relating to or affecting the title to any share shall be registered and a fee prescribed in the Listing Rules of the Hong Kong Stock Exchange shall be paid to the Company for such registration (any fee not exceeding the maximum fee prescribed in the Listing Rules), for registration of the documents of transfer and other documents relating to or which will affect the right of ownership of the shares;

- (II) the documents of transfer only relates to H Shares;
- (III) the stamp duty which is payable on the documents of transfer has already been paid;
- (IV) the relevant share certificate(s) and any evidence in relation to the right of the transferor to transfer such shares as reasonably requested by the board of directors have been provided;
- (V) if the shares are to be transferred to joint holders, the maximum number of joint holders shall not be more than four;
- (VI) the Company does not have any lien on the relevant shares; and
- (VII) any share shall not be transferred to minors or persons of unsound mind or other person without civil capacity in law.

If the Company refuses to register any transfer of shares, the Company shall, within two months after the day of application for the transfer that is formally submitted, provide the transferor and transferee with a notice of refusal to register such transfer.

**Article 36** The transfer of H Shares shall be effected by documents of transfer in a general or ordinary form or any other form acceptable to the board of directors (including standard transfer format or form of transfer specified by Stock Exchange from time to time); the documents of transfer shall only be signed by hand or, if the transferor or transferee is a company, under Company's seal. If the transferor or transferee is a recognized clearing house (hereinafter "**Recognized Clearing House**") or its nominee as defined by relevant rules applicable from time to time in accordance with the law of Hong Kong, the transfer form may be signed by hand or in a machine-imprinted form.

All of the documents of transfer shall be deposited at the legal address of the Company or at such other place as is specified by the board of directors from time to time.

**Article 37** Laws, administrative regulations, departmental rules, normative documents and the relevant provisions of the stock exchange where the Company's shares are listed or the relevant supervisory and regulatory authorities in respect of the period during which the registration of transfer of shares is suspended prior to the convening of the general meeting or prior to the base date on which the Company decides to distribute the dividends, shall be subject to the provisions thereof.

## **CHAPTER 6: SHAREHOLDERS**

**Article 38** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

If the shareholder of the Company is a legal entity, the rights shall be enforced by its legal representative or a proxy of such legal representative.

The Company shall not exercise any power to freeze or otherwise impair any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

**Article 39** When the Company convenes a general meeting, distributes dividends, engages in liquidation and engages in other acts that require confirmation of the identity of the shareholders, the board of directors or the convenor of the general meeting shall determine the date of registration of the shareholdings, and the shareholders whose names appear on the register after the close of business on the date of registration of the shareholdings shall be the shareholders entitled to the relevant rights and interests.

**Article 40** The shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to the number of shares held;
- (II) the right to request, convene, preside over, attend or appoint proxies to attend general meetings and to exercise the corresponding voting rights;
- (III) the right of supervisory management over the Company's business operations and the right to present resolutions or to raise queries;
- (IV) the right to transfer, gift and pledge shares held in accordance with laws, administrative regulations, departmental rules, the rules of the stock exchanges where the Company's shares are listed and provisions of the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of shareholders, corporate bond stubs, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee, and financial and accounting reports;
- (VI) the right to participate in the distribution of remaining assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company; and
- (VII) shareholders who object to a resolution of a general meeting on a merger or demerger of a company demand that the company acquire their shares;
- (VIII) other rights conferred by laws, administrative regulations, departmental rules, the rules of the stock exchange where the Company's shares are listed and the Articles of Association.

**Article 41** If a shareholder requests to inspect the relevant information referred to in the preceding article or to obtain information, he/she shall provide the Company with written documents proving the type of shares held by him/her and the number of shares held by him/her, and the Company, after verifying the identity of the shareholder, shall provide the information to him/her in accordance with the shareholder's request.

**Article 42** If the content of a resolution at a general meeting or the board of directors violates any laws or administrative regulations, it would be deemed invalid.

If the procedure for convening, or the method of voting at, a general meeting or a meeting of the board of directors violates any laws, administrative regulations or the Articles of Association, or if the content of a resolution breaches the Articles of Association, a shareholder may file a petition with the court to revoke such resolution within sixty days from the date on which the resolution was passed. However, unless there is only a minor defect in the procedures for convening the meeting of the general meeting or the board of directors or in the manner of voting, which does not materially affect the resolution.

Shareholders who have not been notified to attend the general meeting may, within sixty days from the date when they knew or should have known that the resolution of the general meeting had been made, request the people's court to revoke it; if they have not exercised the right of revocation within one year from the date when the resolution was made, the right of revocation shall be eliminated.

**Article 43** If a director or any senior management has violated any laws, administrative regulations or the Articles of Association in the course of performing his or her duties for the Company, and thereby caused the Company to incur a loss, a shareholder or shareholders who individually or jointly hold more than 1% of the shares of the Company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. If the supervisor has violated the laws, administrative regulations or the Articles of Association in the course of performing its duties for the Company, and thereby caused the Company to incur a loss, the aforementioned shareholder(s) may request in writing the board of directors to initiate proceedings in the people's court in respect thereof.

If the supervisory committee or the board of directors refuses to initiate proceedings after receipt of a written request from the shareholder(s) as mentioned in the preceding paragraph, or fails to initiate proceedings within thirty days upon the date of receipt of such request, or in the event of an emergency where failure to initiate proceedings immediately would cause irreparable damage to the Company's interests, the shareholders mentioned in the preceding paragraph are entitled to directly initiate proceedings in the people's court in their own names in the interests of the Company.

If any third party infringes the lawful interests of the Company and has caused a loss to the Company, the shareholders mentioned in the first paragraph of this article may initiate proceedings in the people's court according to the provisions of the two preceding paragraphs.

**Article 44** If a director or any senior management violates laws, administrative regulations or the Articles of Association and prejudices the interests of the shareholders, the shareholders may initiate proceedings in the court in respect thereof.

**Article 45** The shareholders of the Company shall assume the following obligations:

- (I) to comply with laws, administrative regulations, departmental rules, rules of the stock exchange where the Company's shares are listed and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to surrender the shares unless required by laws or administrative regulations;

- (IV) not to abuse the shareholders' rights to prejudice the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability of the shareholders to prejudice the interests of any creditors of the Company.
- (V) other obligations imposed by laws, administrative regulations departmental rules, rules of the stock exchange where the Company's shares are listed and the Articles of Association.

If the shareholders of the Company abuse the rights of shareholders and cause losses to the Company or other shareholders, they shall be liable for compensation in accordance with the law. If the shareholders of the Company abuse the independent status of the Company's legal personality and the limited liability of the shareholders to evade debts and seriously jeopardize the interests of the Company's creditors, they shall be jointly and severally liable for the debts of the Company.

**Article 46** If a shareholder holding more than five percent of the voting shares of the Company pledges the shares held by him/her, he/she shall make a written report to the Company from the day on which such fact occurs.

**Article 47** Any controlling shareholder or de facto controller of the Company shall not use his/her/its connected relationship to impair the interests of the Company. In the event that violation of this requirement results in damage to the Company, such person shall be liable for compensation.

Any controlling shareholder and de facto controller of the Company have the fiduciary duty towards the Company and the public shareholders. The controlling shareholder(s) shall exercise his/her/its/their rights as the contributor(s) in strict compliance with the laws. The controlling shareholder(s) shall not harm the legal interests of the Company and the public shareholders by exploiting methods, such as the distribution of profits, assets restructuring, external investments, appropriation of capital, or loan guarantees, nor shall he/she/it/they exploit his/her/its/their controlling position against the legal interests of the Company and the public shareholders.

## **CHAPTER 7: GENERAL MEETINGS**

**Article 48** The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

**Article 49** The general meeting shall have the following functions and powers pursuant to laws:

- (I) to elect and replace directors, who are not employee representatives, and to determine matters relating to the remuneration of such directors;
- (II) to elect and replace supervisors who are not employee representatives and to determine matters relating to the remuneration of such supervisors;
- (III) to consider and approve the reports of the board of directors;
- (IV) to consider and approve the reports of the supervisory committee;
- (V) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (VI) to determine the increase or reduction of the registered capital of the Company;



- (VII) to determine matters such as merger, division, dissolution, liquidation of the Company, or alteration of corporate form;
- (VIII) to determine the issue of debentures or any other types of securities or warrants or other securities and the listing plans by the Company;
- (IX) to determine the appointment, dismissal or non-reappointment of the accounting firm of the Company;
- (X) to amend the Articles of Association;
- (XI) to consider and approve the following guarantees;
  - 1. any guarantee to be provided after the total amount of external guarantees by the Company and its subsidiaries meet or exceed 50% of the latest audited net assets;
  - 2. any guarantee to be provided after the total amount of external guarantees by the Company meet or exceed 30% of the latest audited total assets;
  - 3. any guarantee by the Company within one year with guaranteed amount in excess of 30% of the latest audited total assets of the Company;
  - 4. any guarantee to be provided to anyone whose gearing ratio exceeds 70%;
  - 5. any single guarantee to be provided in the amount exceeding 10% of the latest audited net assets;
  - 6. any guarantee to be provided to any shareholder, de facto controller and other connected party of the Company; and
  - 7. other guarantees to be provided, which are subject to the consideration and approval at the general meeting of the Company as required by the laws, administrative regulations, departmental rules, and the rules of the stock exchange where the shares of the Company are listed or the Articles of Association.
- (XII) to consider the matters relating to the purchase and/or sale by the Company of significant assets within one year, which exceeds 30% of the latest audited total assets of the Company;
- (XIII) to consider share incentive scheme and employee share ownership scheme;
- (XIV) to consider and approve the resolutions proposed by the shareholders who represent 1% or more voting rights of the company;
- (XV) to consider and approve the execution, amendment and termination entered into by and between the Company and its subsidiaries with the competent transportation authorities with respect to the expressway license agreements, as well as other matter;
- (XVI) to consider and approve connected transactions that are subject to consideration and approval at the general meeting as required by the laws, administrative regulations, departmental rules, the rules of the stock exchange where the shares of the Company are listed;



(XVII) to consider and approve the matter of changing the use of the proceeds;

(XVIII) to determine other matters that require approval by shareholders at general meetings according to laws, administrative regulations or the Articles of Association.

The general meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted thereby, provided that the laws, administrative regulations, departmental rules, and mandatory requirements of the stock exchange where the Company's shares are listed are not violated.

To regulate the business operation and ensure a fully effective role of general meetings, the Company formulates the rules of procedures for general meetings. These rules provide the procedures of convening general meetings and casting votes thereat, including notification, registration, deliberation of resolutions, voting, counting of votes, announcement of voting results, formation of resolutions, meeting minutes and their execution and announcements, and the rules of granting mandates to the board of directors at a general meeting. The contents of the authorization should be clear and specific. The rules of procedure of the general meeting shall be annexed to the Articles of Association and shall be drawn up by the board of directors and approved by the general meeting.

**Article 50** Without approval by way of special resolutions by the shareholders at a general meeting, the Company shall not enter into any contract with any person (other than a director, supervisor, general manager or other senior management) whereby the Company delegates such person to the management and administration of the whole or any substantial part of the Company's business.

**Article 51** General meetings are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board of directors. The annual general meeting is held once every year and within six months from the end of the preceding financial year.

The Company shall convene an extraordinary general meeting within two months upon the date of occurrence of any one of the following events:

- (I) where the number of directors is less than the number stipulated in the *Company Law* or two-thirds of the required number specified in the Articles of Association;
- (II) where the unrecovered losses of the Company reach one-third of the total amount of its share capital;
- (III) where the shareholder(s) who individually or jointly hold(s) 10% or more of shares of the Company request(s);
- (IV) whenever the board of directors deems it necessary or the supervisory committee proposes so;
- (V) other conditions as required under the laws, administrative regulations, departmental rules, rules of the stock exchange where the Company's shares are listed or the Articles of Association.

**Article 52** The venue to hold a general meeting of the Company is: the domicile of the Company or at such venue as specified in the notice convening the general meeting.

**Article 53** The general meeting will have the venue set up and be held in the form of an on-site meeting. Subject to the laws and regulations and the mandatory provisions of the stock exchange where the Company's shares are listed, the Company will provide internet voting or other means to facilitate shareholders' participation in the general meeting. Shareholders participating in the general meeting through the abovementioned means shall be deemed to be present.

**Article 54** When the Company convenes an annual general meeting, a written notice shall be given 20 days before the date of such meeting, and when the Company convenes an extraordinary general meeting, a written notice shall be given 15 days before the date of such meeting; in each case, to notify all shareholders whose names appear in the register of shareholders, specifying the matters to be considered at, and the date and place of, the meeting.

To calculate the days of notification, the date of convening the meeting shall not be included.

**Article 55** The contents of a proposal at a general meeting shall fall within the terms of reference of the general meeting, have a clear topic and specific matters for resolution, and be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.

**Article 56** When the Company convenes a general meeting, the board of directors, the supervisory committee and the shareholders either individually or collectively holding 1% or more of the shares of the Company are entitled to submit resolutions to the Company.

Shareholders who individually or collectively hold more than one percent of the Company's shares may put forward a provisional proposal and submit it in writing to the convenor ten days prior to the date of the general meeting. The convenor shall issue a supplementary notice of the general meeting within two days after receiving the proposal, announcing the contents of the provisional proposal.

Except for the cases stipulated in the preceding paragraph, the convenor shall not amend the proposals already set out in the notice of the general meeting or add new proposals after issuing the notice of the general meeting.

The general meeting shall not vote and make resolutions on proposals that are not set forth in the notice of the general meeting or that do not comply with the provisions of Article 55 of the Articles of Association.

**Article 57** A notice of a general meeting of the Company shall include the following:

- (I) the place, time of the meeting, duration of the meeting and form of the meeting;
- (II) the matters and resolutions submitted for discussion at the meeting;
- (III) stating in conspicuous language that all common shareholders (including preferred shareholders whose voting rights have been restored) are entitled to attend the meeting of shareholders and may appoint a proxy in writing to attend and vote at the meeting, and that such proxy need not be a shareholder of the Company;
- (IV) the record date for determining the shareholders who are entitled to attend the general meeting;

- (V) it shall specify the name and telephone number of the contact person for the meeting.
- (VI) voting time and voting procedures on the Internet (if any) or by other means;
- (VII) where otherwise provided by laws, administrative regulations, departmental rules, or the rules of the stock exchange where the Company's shares are listed, such provisions shall apply.

**Article 58** If the general meeting intends to discuss matters relating to the election of directors and supervisors, the notice of the general meeting will fully disclose the details of the candidates for directors and supervisors, including at least the following:

- (I) personal information such as educational background, work experience and part-time jobs;
- (II) whether there is any connected relationship with the Company or the Company's controlling shareholders and de facto controllers;
- (III) disclosure of shareholdings in the Company;
- (IV) whether the Company has been penalized by the CSRC and other relevant authorities and disciplined by the stock exchange;
- (V) other contents required by the rules of the stock exchange where the Company's shares are listed.

Except for the adoption of the cumulative voting system for the election of directors and supervisors, each candidate for director and supervisor shall be submitted as a single proposal.

**Article 59** After notice of a general meeting has been given, the general meeting shall not be postponed or canceled without justifiable reasons, and the proposals set out in the notice of the general meeting shall not be canceled. In the event of postponement or cancellation, the convenor shall make an announcement at least two working days prior to the scheduled date of the meeting and state the reasons therefor.

**Article 60** The board of directors and other convenors of the Company shall take necessary measures to ensure the normal order of the general meeting, and shall take measures to stop and promptly report to the relevant authorities for investigation and handling of any interference with the general meeting, provocations and infringement of the legitimate rights and interests of the shareholders.

**Article 61** All shareholders of ordinary shares (including shareholders of preferred shares whose voting rights have been restored) or their proxies registered on the share registration date shall have the right to attend the meeting of the shareholders' general meeting and to exercise their voting rights in accordance with the relevant laws and administrative regulations and the Articles of Association.

Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf.

**Article 62** Individual shareholders attending the meeting in person shall present their identity cards or other valid documents or certificates that can indicate their identity, and their stock account cards; if they appoint a proxy to attend the meeting, they shall present their valid identity cards and shareholders' authorization letters.

Legal shareholders shall be represented at the meeting by their legal representatives or proxies entrusted by the legal representatives. If the legal representative attends the meeting, he/she shall present his/her ID card and valid proof that he/she has the qualification of legal representative; if he/she entrusts an agent to attend the meeting, the agent shall present his/her ID card and written authorization letter issued by the legal representative of the legal shareholder unit in accordance with the law.

**Article 63** The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following contents:

- (I) the name of the proxy;
- (II) the number of shares of the principal represented by the proxy;
- (III) whether or not the proxy has the right to vote;
- (IV) instructions to vote in favor of, against or abstain from voting, respectively, on each matter to be included in the agenda of the general meeting;
- (V) the date of issuance and expiration date of the proxy;
- (VI) the signature (or seal) of the principal. If the proxy holder is a shareholder of a legal entity, the official seal of the legal entity shall be affixed.

**Article 64** The power of attorney shall specify whether the shareholder's proxy may vote according to his/her own will if the shareholder does not give specific instructions.

**Article 65** If the proxy is authorized by the principal to be signed by another person, the power of attorney or other authorized documents authorized to be signed shall be notarized. The notarized power of attorney or other authorized documents and the proxy voting authorization shall be kept at the Company's residence or other places designated in the notice convening the meeting.

If the proxy is a legal person, its legal representative or a person authorized by a resolution of the board of directors or other decision-making body shall attend the meeting of the Company's shareholders as a proxy.

**Article 66** The Company shall be responsible for the production of the meeting register of the persons attending the meeting, which shall contain such matters as the names (or unit names) of the persons attending the meeting, their identity card numbers, residential addresses, the amount of shares held or represented by the persons having the right to vote, and the names (or unit names) of the nominees.

**Article 67** The convenor will verify the eligibility of shareholders based on the register of shareholders and register the names (or titles) of shareholders and the number of shares for which they hold voting rights. The registration of the meeting shall be terminated until the chairman of the meeting announces the number of shareholders and proxies present at the meeting on site and the total number of shares holding voting rights.

**Article 68** Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (not necessarily a shareholder(s)) as his proxy(ies) to attend and vote on his/her/its behalf, and the proxy(ies) so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

- (I) the shareholders' right to speak at the general meeting;
- (II) the right to demand a poll alone or in concert with others; and
- (III) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll, unless otherwise provided under the applicable rules of the stock exchange where the Company's shares are listed or other laws or administrative regulations.

If a shareholder is a Recognized Clearing House (or its nominee), such shareholder may authorize one or more proxy(ies) as it thinks fit to act as its proxy(ies) at any general meeting. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such authorized proxies. Such authorized proxies may exercise the right of the Recognized Clearing House (or their nominee), as if they are the individual members of the Company.

**Article 69** The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity or another organization, either under seal of such legal entity or organization or under the hand of a director or a duly authorized attorney. The proxy form shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorneys of the shareholder, the proxy form shall specify the number of the shares to be represented by each attorney.

**Article 70** Proxy forms shall be made available at least 24 hours prior to a meeting at which voting is appointed in such proxy forms or 24 hours prior to the designated voting time at the Company's domicile or elsewhere specified in the notice convening the meeting. In the event that the proxy forms are signed by other persons authorized by the appointors, the power of attorney authorizing the signatures or other authorization shall be notarized. Notarized power of attorney or other authorization together with the proxy forms shall be made available at the Company's domicile or elsewhere specified in the notice convening the meeting.

In case the appointor is a legal entity or other organization, its legal representative or board of directors, or other person authorized by the resolution of decision-making bodies shall be represented at the general meeting of the Company.

The Company has the right to request a proxy who attends a general meeting to provide evidence of his/her its identity.

If a shareholder of the legal entity or other organizations appoints its proxy to attend the meeting, the Company is entitled to require such proxy to present his/her own identification document and a notarially certified copy of the resolution or power of attorney authorized by the board of directors of such shareholder of the legal entity or other organizations or other competent authorities (except for the Recognized Clearing House or its nominee).

**Article 71** Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy by him/her shall allow such shareholder to freely instruct the proxy to cast vote in favour of, against or abstain each resolution dealing with the businesses to be transacted at the meeting. Such a proxy form shall contain a statement that, in the absence of instructions, the proxy may vote as he thinks fit.

**Article 72** Where the appointer has deceased, is incapacitated to act, or has withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 73** When a general meeting is held, all the directors, supervisors and secretary to the board of directors of the Company should attend such meeting. The general manager and other senior management should be present at the meeting.

**Article 74** A meeting of the general meeting shall be presided over by the chairman of the board of directors. If the chairman of the board is unable to perform his or her duties or fails to perform his or her duties, the vice-chairman shall preside over the meeting, and if the vice-chairman is unable to perform his or her duties or fails to perform his or her duties, a director shall be jointly elected by a majority of the directors to preside over the meeting.

The chairman of the supervisory committee shall preside at any meeting of the shareholders convened by the supervisory committee itself, and if the chairman of the supervisory committee is incapable of performing his or her duties or fails to perform his or her duties, a supervisor shall be jointly elected by a majority of the supervisors to preside over the meeting.

A meeting of the general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convenors.

If the chairman of the meeting violates the Articles of Association and the Rules of Procedures of the General meeting so that the general meeting cannot continue, the general meeting may, with the consent of a majority of the shareholders present at the general meeting with voting rights on the spot, elect a person to act as the chairman of the meeting and continue the meeting.

**Article 75** At the annual general meeting, the board of directors and the supervisory Committee shall make a report to the general meeting on their work in the past year. Each independent non-executive director shall also make a report on his/her duties.

**Article 76** Directors, supervisors and senior management shall provide explanations and clarifications on shareholders' queries and suggestions at the general meeting.

**Article 77** The chairman of the meeting shall, before voting, announce the number of the shareholders and their proxies as well as the voting shares so held, and such number of the shareholders and their proxies, as well as their voting shares, shall be subject to those registered at the meeting.



**Article 78** There shall be minutes of the general meeting, which shall be taken by the secretary of the board of directors. The minutes shall contain the following information:

- (I) the time, place, agenda and name of the convenor of the meeting;
- (II) the names of the chairman of the meeting and the directors, supervisors, general manager and other senior management attending or present at the meeting;
- (III) the number of shareholders (including shareholders' proxies) attending the meeting, the total number of shares with voting rights and their proportion to the total number of shares of the Company;
- (IV) the deliberation process, main points of speeches and voting results of each proposal;
- (V) shareholders' comments or suggestions on the proposals and the corresponding replies or explanations;
- (VI) the names of the legal advisors, the tellers and scrutineers of the votes;
- (VII) other contents that should be included in the minutes of the meeting as stipulated in the Articles of Association.

**Article 79** The convenor shall ensure that the minutes are true, accurate and complete. The directors, supervisors, secretary of the board of directors, the convenor or his or her representative and the chairman of the meeting attending the meeting shall sign the minutes. The minutes shall be kept together with the register of signatures of shareholders attending the meeting on-site and the proxy form for proxy attendance, as well as the valid information on voting by internet and other means, for a period of not less than ten years.

**Article 80** The convenor shall ensure that the meeting of the general meeting is held consecutively until a final resolution is formed. In the event that a general meeting is suspended or a resolution cannot be reached due to force majeure or other special reasons, necessary measures shall be taken to resume the convening of the general meeting as soon as possible or to terminate the current general meeting directly, and a timely announcement shall be made.

**Article 81** Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the general meeting with the right to cast votes.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the general meeting with the right to cast votes.

**Article 82** Shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall have one vote.



The shares held by the Company carry no voting rights and shall be excluded for the purpose of calculating the total number of voting shares held by the shareholders present at the general meeting.

If a shareholder's purchase of the Company's voting shares violates the provisions of Article 63(1) and (2) of the Securities Law, the portion of the shares in excess of the prescribed ratio shall not be allowed to exercise the voting rights for a period of thirty-six months after the purchase and shall not be counted as part of the total number of shares present at the general meeting with voting rights.

The board of directors, independent non-executive directors and shareholders who hold more than one percent of the voting shares and an investor protection organizations established in accordance with laws, administrative regulations or the rules of the CSRC may publicly solicit the voting rights from shareholders. When soliciting votes of the shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. In addition to the statutory conditions, the Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

For any connected transaction to be considered at a general meeting, connected shareholders shall, as provided in the rules of the stock exchange where the shares of the Company are listed, abstain from voting on such connected transactions and the number of shares they represent carrying voting rights shall not be counted into the total valid votes. The announcement of the resolution of the general meeting should fully disclose the votes of non-affiliated shareholders.

**Article 83** The list of candidates for directors and supervisors shall be submitted to the general meeting for a vote by way of a proposal.

Means and procedures of nomination of director and supervisor are as follows:

- (I) the board of directors and supervisory committee may severally submit to the general meeting a nomination proposal of director or shareholder representative supervisor candidates. One or more shareholders severally or jointly holding more than 1% shares of the Company may nominate director or shareholder representative supervisor candidates. Independent non-executive director candidates may be nominated by the board of directors, supervisory committee or shareholders severally or jointly holding more than 1% shares of the Company;
- (II) the staff representatives in the supervisory committee shall be elected by staff of the Company democratically at staff representatives' meetings, employees' meetings or other forms;
- (III) the method and procedure for nominating independent non-executive directors shall comply with relevant laws, administrative regulations and the provisions of the relevant authorities of the State.

Where shareholder(s) separately or aggregately holding more than 1% shares of the Company nominate the candidates for the positions of the directors or the supervisors representing shareholders through the proposal, the aforesaid proposal shall be submitted to the board of directors or the supervisory committee ten days before a general meeting is convened in writing and the number of the candidates for the positions of the directors and the supervisors in the proposal shall not exceed the number required by the Articles of Association, and the biographies and basic information in respect of each candidate shall be supplied at the same time.

**Article 84** The general meeting will vote on all proposals one by one, and if there are different proposals on the same matter, the proposals will be voted on in the order in which they were submitted. The general meeting will not set aside or withhold voting on a proposal unless the general meeting is suspended or unable to reach a resolution due to special reasons such as force majeure.

**Article 85** The same voting right may only choose one of the on-site, internet (if any) or other voting methods. In the event of a duplicate vote on the same voting right, the result of the first vote shall prevail.

**Article 86** Voting at general meetings shall be conducted by registered voting.

**Article 87** Before voting on a proposal at a general meeting, two representatives of shareholders shall be elected to participate in counting and supervising the votes. Where the matter under consideration is related to shareholders, the corresponding shareholders and their proxies shall not participate in the counting and supervision of votes.

When voting on a proposal at a general meeting, lawyers, shareholder representatives and supervisors' representatives shall be jointly responsible for counting and supervising the votes and announcing the voting results on the spot, and the voting results of the resolution shall be recorded in the minutes of the meeting.

Shareholders of the Company or their proxies who vote through the Internet or other means shall be entitled to check their voting results through the corresponding voting system.

**Article 88** At the end of a general meeting, the chairman of the meeting shall announce the voting status and results of each proposal, and based on the voting results, declare whether the proposal is adopted or not.

Prior to the formal announcement of the voting results, the Company, the tellers, the scrutineers, the major shareholders, the network service provider and other relevant parties involved in the on-site, network and other voting methods of the general meeting shall be under a duty of confidentiality with respect to the voting situation.

**Article 89** Shareholders attending a general meeting shall express one of the following opinions on the proposal submitted for voting: approval, opposition or abstention. Except for the case where the securities registrar and clearing organization, as the nominal holder of the shares under the mechanism for the interconnection of the stock markets of the Mainland and Hong Kong for trading, makes the declaration in accordance with the intention of the actual holder.

Votes that are not filled in, incorrectly filled in, illegible, or not cast shall be deemed to be a waiver of the voter's right to vote, and the result of the vote on the number of shares held by the voter shall be counted as an "abstention".

**Article 90** The following matters shall be resolved by an ordinary resolution at a general meeting:

- (I) work reports of the board of directors and the supervisory committee;
- (II) annual profit distribution plans and loss recovery plans formulated by the board of directors;
- (III) election or removal of members of the board of directors and non-employee representative supervisors, the remuneration and payment methods for directors and supervisors;
- (IV) annual reports of the Company;
- (V) the Company's employment, dismissal or non-reappointment of accounting firms;
- (VI) matters other than those which require the approval by way of special resolution in accordance with the laws, administrative regulations, the rules of the stock exchange where the shares of the Company are listed or the Articles of Association.

**Article 91** The following matters shall be resolved by a special resolution at a general meeting:

- (I) the increase or reduction of the share capital, the repurchase of the shares, and the issuance of shares of any class, warrants and other similar securities of the Company;
- (II) the issuance of debentures or other securities of the Company;
- (III) the division, merger, dissolution, liquidation and change of the form of the Company;
- (IV) the amendment of the Articles of Association;
- (V) equity incentive schemes and employee shares ownership schemes;
- (VI) material assets purchased or sold within one year exceeding 30% of the latest audited total assets of the Company;
- (VII) external guarantees subject to consideration and approval by shareholders in accordance with the requirements under Item 1 of Paragraph (XI) of Article 49 of the Articles of Association and applicable laws and regulations;
- (VIII) consideration and approval of the execution, amendment and termination entered into by and between the Company and its subsidiaries with the competent transportation authorities with respect to the expressway license agreements, as well as other matter;
- (IX) consideration and approval of connected transactions that are subject to consideration and approval at the general meeting as required by the laws, administrative regulations, the rules of the stock exchange where the shares of the Company are listed;

- (X) other matters as required by the laws, administrative regulations and the Articles of Association, or which, pursuant to ordinary resolutions passed at a general meeting, are considered to have a material impact on the Company and require approval by special resolution.

**Article 92** The independent non-executive directors have the right to propose to the board to convene an extraordinary general meeting. With respect to a proposal by an independent non-executive director to convene an extraordinary general meeting, the board shall, in accordance with the laws, administrative regulations and the provisions of the Articles of Association, provide a written feedback on whether it agrees or disagrees with the proposal to convene an extraordinary general meeting within ten days of receipt of the proposal. If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of the convening of the general meeting within five days after the resolution of the board of directors is made; if the board of directors does not agree to convene an extraordinary general meeting, it shall state the reasons therefor and make an announcement thereof.

The supervisory committee is entitled to propose to the board of directors to convene an extraordinary general meeting, and such proposal shall be submitted to the board of directors in writing. In accordance with the laws, administrative regulations and the Articles of Association, the board of directors shall furnish a written reply stating its agreement or disagreement to the convening of such extraordinary general meeting within ten days upon receipt of such proposal.

In the event that the board of directors agrees to convene an extraordinary general meeting, it shall serve the notice of such meeting within five days after the relevant resolution of the board of directors is passed. Consent of the supervisory committee shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the board of directors disagrees to convene an extraordinary general meeting or does not furnish any written reply within ten days upon receipt of such proposal, the board of directors is deemed to be unable or unwilling to perform the duty of convening a general meeting, in which case the supervisory committee may convene and preside over such meeting by itself.

The shareholders holding individually or jointly more than 10% of the shares of the Company are entitled to request the board of directors in writing to convene an extraordinary general meeting. The board of directors shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days upon receipt of such proposal in accordance with the laws, administrative regulations and the Articles of Association.

In the event that the board of directors agrees to convene an extraordinary general meeting, it shall serve the notice of such meeting within five days after the relevant resolution of the board of directors is passed. Consent of the relevant shareholders shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the board of directors disagrees to convene an extraordinary general meeting or does not furnish any written reply within ten days upon receipt of such proposal, the shareholders holding individually or jointly more than 10% of the shares of the Company are entitled to propose to the supervisory committee to convene an extraordinary general meeting, and such proposal shall be submitted to the supervisory committee in writing.

In the event that the supervisory committee agrees to convene an extraordinary general meeting, it shall serve the notice of such meeting within five days upon receipt of such proposal. Consent of the relevant shareholders shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the supervisory committee does not serve any notice of an extraordinary general meeting within the prescribed period, the supervisory committee is deemed not to convene and preside over such meeting, in which case the shareholders holding individually or jointly more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over such a meeting by himself/herself/themselves.

Prior to announcement of the results of the shareholders' vote, the shareholder(s) convening the general meeting shall hold no less than 10% of the shares of the Company.

Where the supervisory committee or shareholders convenes a meeting in accordance with the provisions of the Articles of Association, a written notice shall be sent to the board of directors and filed with the securities regulatory authority where the Company is located and relevant stock exchange in accordance with the applicable requirements. The board of directors and the secretary to the board of directors shall cooperate in terms of such meetings. The board of directors shall provide the register of shareholders as at the record date. The expenses reasonably resulted therefrom shall be borne by the Company and be deducted from the amounts.

**Article 93** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he/she may organize counting of the votes cast. If the chairman of the meeting has not counted the votes, any shareholder, who is present in person or by proxy and objects to the result announced by the chairman of the meeting, may, immediately following announcement of the result, demand that the votes be counted and the chairman of the meeting shall forthwith organize counting of the votes.

**Article 94** If votes are counted at a general meeting, the result of the count shall be recorded in the minutes book.

The minutes together with shareholders' attendance lists and proxy forms shall be kept at the Company's domicile. The aforesaid minutes, attendance lists and proxy forms shall not be destroyed for at least ten years.

**Article 95** Resolutions of a general meeting shall be announced in a timely manner, and the announcement shall set out the number of shareholders and proxies attending the meeting, the total number of shares holding voting rights and their proportion to the total number of voting shares of the Company, the manner of voting, the voting results of each proposal and the details of each resolution adopted.

**Article 96** If a proposal is not passed, or if the current general meeting changes the resolution of the previous general meeting, a special reminder shall be made in the announcement of the resolution of the general meeting.

**Article 97** If a proposal for the election of directors and supervisors is adopted at a general meeting, the new directors and supervisors shall take office on the date when the resolution of the general meeting becomes effective.

**Article 98** In the event that the general meeting approves a proposal for cash distribution, stock dividends or capitalization of capital surplus, the Company will implement the specific plan within two months after the general meeting.

**Article 99** Copies of the minutes of any meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him/her/it within seven days upon receipt of reasonable fees therefor.

## **CHAPTER 8: BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 100** Directors shall be natural persons, who need not hold any share of the Company. The directors of the Company shall comprise executive directors, non-executive directors and independent non-executive directors. An executive director refers to a director who assumes an internal position competent in operations and management at the Company. A non-executive director refers to a director who does not assume a position competent in operations and management and is not independent as defined by law at the Company. An independent non-executive director refers to a director that is in compliance with the requirements of Section 2 under this Chapter. Directors shall possess qualifications as required by law.

**Article 101** Directors shall be elected or replaced at the general meeting and may be removed by the general meeting before the expiration of their term of office, which is a term of three years for a director. A director may serve consecutive terms if re-elected upon the expiration of his/her term. If a director is dismissed before the expiration of his/her term of office without a valid reason, the director may demand compensation from the Company.

The term of office of the directors shall be calculated from the date of their assumption of office until the expiration of the term of office of the current board of directors. If a director is not re-elected in time for the expiration of his/her term of office, the original director shall still fulfill his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the reelected director assumes office.

The board of directors shall jointly and severally perform the judiciary duties in good faith, as well as assuming the responsibility for maintaining reasonable skills, care and diligence. Performance of the aforesaid functions and duties shall at least be in compliance with the standard provided under the laws of Hong Kong. In other words, each director, when performing his or her office of directorship, must:

- (I) act honestly and in good faith in the interests of the Company as a whole;
- (II) act for proper purposes;
- (III) be responsible for the application or misapplication of the assets of the Company;
- (IV) avoid actual and potential conflicts of interest and duty;
- (V) make full and fair disclosures of his/her interests in contracts with the Company; and
- (VI) apply reasonable skill, care and diligence as may be expected of a person of his/her knowledge and experience and holding his/her directorship within the Company.



Directors must satisfy the required levels of skill, care and diligence. Directors may delegate their functions to others, but this does not absolve them from their responsibilities or from applying the required levels of skills, care and diligence. Directors do not satisfy these required levels if they pay attention to the Company's affairs only at formal meetings. At a minimum, directors must take an active interest in the Company's affairs, obtain a general understanding of its business, and must follow up anything untoward that comes to their attention.

**Article 102** The minimum length of the period during which a notice in writing may be sent to the Company of the intention to nominate a person for election as a director, and during which a notice in writing may be sent to the Company by such person of his acceptance of such nomination, shall be at least seven days. The period of submitting the said notice shall commence after the notice of the general meeting for such election has been given by the Company and shall end no later than seven days prior to the date of such meeting.

**Article 103** Any director may submit resignation within his or her term of office. Such resigning director shall tender a written report of resignation to the board of directors, whereby setting out specific reasons for the said resignation and confirming whether there is any disagreement with the board of directors with respect to any affairs of the Company.

Where any director resigns within his or her term of office, or the members on the board of directors falls below the quorum due to failure to appoint a new director upon his or her expiration of term, the original director shall continue to perform the duties of directorship in accordance with the laws, regulations and the Articles of Association until a newly elected director assumes office.

In case that the members on the board of directors falls below the quorum due to resignation of any director, the resignation report of such director shall not take effect until the new director fills the vacancy due to such resignation, in which case, the remaining directors shall convene an extraordinary general meeting as soon as possible for the purposes of electing a new director to fill the vacancy due to the said resignation of such director. In addition, the board of directors may also fill the temporary vacancy of the board of directors by appointing a director or increase the number of directors. Any person who is appointed by the board of directors as a director to fill the temporary vacancy or increase the number of directors on the board of directors shall be subject to election and re-election at the first general meeting subsequent to such appointment.

Save for the preceding paragraph, resignation of any director shall take immediate effect from the delivery of a resignation report to the board of directors.

**Article 104** When a director's resignation takes effect or his/her term of service expires, he/she shall complete all handover procedures with the board of directors. His/her fiduciary obligations to the Company and shareholders shall not be automatically terminated within five years after the end of his/her term of office.

**Article 105** No director shall act on behalf of the Company or the Board of Directors in his/her personal capacity, unless specified under the Articles of Association or legally authorized by the Board of Directors. In the event that a director is acting in his/her personal capacity, but may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his/her stance and capacity in advance.

**Article 106** When a director violates laws, administrative regulations, department rules or the Articles of Association while performing his/her duties, causing losses to the Company, he/she shall be liable for compensation.



**Article 107** Any director, before the expiration of his/her term of service, shall be liable for the damage of the Company caused by his/her absence from the Company without approval.

Where a non-independent director fails to attend meetings of the board of directors and has not appointed another director to attend such meetings on his/her behalf for two consecutive times, he/she shall be deemed as incapable to perform his/her duty. The board of directors shall propose removal of such director at the general meeting.

## **Section 2 Independent Non-executive Directors**

**Article 108** The Company shall set up a system of independent non-executive directors. Independent non-executive directors refer to the directors who hold no position in the Company other than directorship, and whose relations with the Company and its major shareholder(s) are free from any impediment to their independent and objective judgments.

The term of office for independent non-executive directors shall be three years and renewable upon re-election, but shall not exceed nine years, unless otherwise provided by relevant laws, administrative regulations and the rules of the stock exchange where the shares of the Company are listed.

**Article 109** A non-executive independent director shall meet the following basic requirements:

- (I) having qualifications required to be a director of a listed company according to laws, administrative regulations and rules of the stock exchange where the shares of the Company are listed;
- (II) meeting the independence requirements as stated in the rules of the stock exchange where the shares of the Company are listed;
- (III) possessing basic knowledge on the operation of listed companies and familiar with the relevant laws, administrative regulations, rules and other regulations;
- (IV) having more than five-year work experience in law, economics or other fields required by his or her performance of the duties of an independent non-executive director;
- (V) meeting other requirements set forth in the Articles of Association.

**Article 110** The independent non-executive directors shall have the following special powers other than those stipulated in the Company Law and other relevant laws, regulations, rules of the stock exchange where the shares of the Company are listed and the Articles of Association:

- (I) to put forward the resolution to the board of directors relating to the appointment or removal of the accounting firm;
- (II) to propose to convene a meeting of the board of directors;
- (III) subject to consent from all independent non-executive directors, to independently appoint an external auditor or consulting organization to audit or advise on detailed matters of the Company at the expense of the Company;

Apart from the preceding Item (III), the independent non-executive directors shall secure the consent of not less than half of the independent non-executive directors to exercise the abovementioned powers. In the event that the above proposals are not accepted or the above powers cannot be normally exercised, the Company shall disclose the relevant circumstances.

**Article 111** The independent non-executive directors could be dismissed by the Company in accordance with statutory procedures, before the term of their office expires. In case of discharge from office in advance, the Company shall disclose such dismissal as a special disclosure.

If an independent non-executive director fails to attend the meeting of the board of directors in person for three consecutive times, the board of directors may request for removal of such director at the general meeting.

**Article 112** As regards the system of independent non-executive directors, if not provided in this section, the provisions of relevant laws, administrative regulations, departmental rules and rules of the stock exchange where the shares of the Company are listed shall apply.

**Article 113** The Company shall have a board of directors consisting of fifteen directors, of whom not less than three and not less than one-third shall be independent non-executive directors, at least one of whom shall be a person with appropriate professional qualifications or accounting or related financial management expertise, and one of whom shall ordinarily reside in Hong Kong.

**Article 114** The board of directors shall have a chairman and a vice chairman, who shall be elected and removed by a majority of all the directors, and who shall hold office for a term of three years and may be re-elected.

### **Section 3 Board of Directors**

**Article 115** The board of directors is accountable to the general meeting and exercises the following functions and powers:

- (I) to convene general meetings and to report its work at such general meetings;
- (II) to implement the resolutions passed at general meetings;
- (III) to determine the Company's interim and long-term development plans;
- (IV) to determine the Company's business plans and investment resolutions, detailed annual business objectives, and financing plans other than by way of issuance of corporate bonds or other securities and listing;
- (V) to determine the annual final financial budgets and final accounts of the Company;
- (VI) to formulate the profit distribution plans and loss recovery plans of the Company;
- (VII) to formulate resolutions for the increase or reduction of the Company's registered capital and plans for the issuance of corporate bonds or other securities and the listing plan;
- (VIII) to prepare plans for material acquisitions and repurchase of the Company's shares, or merger, division, dissolution or change of corporate forms of the Company;

- (IX) to determine the Company's internal management structure and the establishment or discontinuance of the Company's branches and other sub-branches;
- (X) to elect the chairman of the Company, or to appoint or dismiss the general manager of the Company;
- (XI) to appoint or dismiss the company secretary to the board of directors, to appoint or dismiss members of all special committees under the board of directors, and to determine their remunerations, punishments and others, pursuant to the nominations by the chairman;
- (XII) to appoint or dismiss a deputy general manager, chief accountant, chief economist, chief engineer, chief safety officer and other senior management of the Company pursuant to nominations by the general manager, and to determine performance evaluation, remuneration, incentive and punishment of general manager and other senior management;
- (XIII) to determine the payroll allocation plans of employees;
- (XIV) to formulate the basic management system of the Company;
- (XV) to propose plans for amendments to the Articles of Association;
- (XVI) to formulate the share incentive scheme and employee share ownership scheme of the Company;
- (XVII) to deal with disclosures of information regarding the Company;
- (XVIII) to determine the establishment of special committees;
- (XIX) to determine and to monitor the implementation of the risk management system of the Company, including risk assessments, financial control, internal audit and legal risk control;
- (XX) to propose the appointment or replacement of the accounting firm of the Company for audit purposes at a general meeting;
- (XXI) to receive regular or irregular work reports submitted by the general manager of the Company or senior management appointed by such general manager, and to approve the work reports of the general manager;
- (XXII) to review the recommendations proposed by the general manager of the Company as to the charging standard, charging methods and adjustments with respect to the expressway projects;
- (XXIII) to provide external guarantees of the Company which are necessary for resolution at a general meeting in accordance with the Articles of Association;
- (XXIV) subject to the scope approved at the general meeting and as permitted under the rules of the stock exchange where the shares of the Company are listed, to determine the external investments, purchase and disposal of assets, pledge or charge over assets, entrusted wealth management, and connected transactions of the Company;

(XXV) other powers as stipulated by laws, regulations and the rules of the stock exchange where the shares of the Company are listed, as well as granted at general meetings and the Articles of Association. Any matter beyond the scope approved at the general meetings shall be submitted to a general meeting for consideration.

Resolutions made by the board of directors in the preceding paragraphs, save that Items (VII), (VIII) and (XV) above which shall require the consent of more than two thirds of the directors, shall require the consent of more than half of the directors by voting. The board of directors shall perform its duties in accordance with the national laws and administrative regulations, the Articles of Association and resolutions of the shareholders.

**Article 116** The board of directors of the Company shall explain to the general meeting the non-standard opinions as contained in the audit report presented by the certified accountant as to the financial report of the Company.

**Article 117** The board of directors shall formulate the rules of procedures for the meetings of the board of director to ensure the board of directors implements the resolutions of the shareholders, to improve the work efficiency and to have scientific decision-making. The rules of procedures for the meetings of the board of director shall be affixed to the Articles of Association as attachment, which provides the convening of the meeting of the board of directors and voting procedures. Such procedural rules shall be drafted by the board of directors and subject to approval at a general meeting.

**Article 118** The board of directors may set up special committees, including the audit committee, remuneration and appraisal committee, nomination committee, strategy committee, etc., which shall, subject to the leadership of the board of directors, assist the board of directors in performing its powers, or advise or consult on decisions of the board of directors. The composition and procedural rules of the committees shall be determined by the board of directors. The audit committee shall have at least three members and all of them shall be non-executive directors, the majority of which shall be independent non-executive directors. At least one member shall be the independent non-executive director that has appropriate professional qualification recognized by the rules of the stock exchange where the shares of the Company are listed or that has appropriate accounting or relevant financial management expertise. The chairman of such committee must be an independent non-executive director. The Company shall set up the remuneration and appraisal committee with an independent non-executive director acting as the chairman, and the majority of the members shall be independent non-executive directors. The Company shall set up the nomination committee with the chairman of board of directors or an independent non-executive director acting as the chairman, and the majority of the members shall be independent non-executive directors.

**Article 119** The major responsibilities of the audit committee are:

- (I) to propose the engagement or replacement of an accounting firm;
- (II) to supervise the internal auditing system of the Company and its implementation;
- (III) to be responsible for communications between the internal auditors and external auditors;
- (IV) to review the financial information of the Company and its disclosure;
- (V) to examine the internal control system of the Company.

**Article 120** The major responsibilities of the nomination committee are:

- (I) to study the criteria and procedures in selecting any director, general manager and other senior management, and to make recommendations;
- (II) to search for any candidate qualified as director, general manager and other senior management;
- (III) to review and make recommendations on any candidate to be elected as director, general manager and other senior management;
- (IV) to review the structures, number and composition (including skills, expertise and experiences) of the board of directors at least once a year, and to make recommendations on proposed changes to the board of directors to align with corporate strategies;
- (V) to review independence of independent directors;
- (VI) to make recommendations to the board of directors on the appointment or re-appointment of and the succession plan for directors (in particular the chairman and general manager).

**Article 121** The major responsibilities of the remuneration and appraisal committee are:

- (I) to study the appraisal standards for directors, general managers and other senior management, and to make evaluations and recommendations;
- (II) to study and review the remuneration policies and packages for directors, general managers and other senior management, and to make recommendations to the board of directors on the official establishment of transparent procedures for determining remuneration policies;
- (III) to review and approve the recommendations on the remuneration for the management in accordance with corporate policies and objectives formulated by the board of directors;
- (IV) to advise the board of directors on the remuneration package for any individual executive director and senior management;
- (V) to advise the board of directors on the remuneration for non-executive directors;
- (VI) to consider the remuneration paid by the comparable companies, devoted time, terms of reference and the employment criteria for other positions of the Group;
- (VII) to review and approve compensation payable to executive directors and senior management due to their loss or termination of office or appointment for the purposes of ensuring such compensation is consistent with contractual terms, in which case, if inconsistent with the contractual terms, compensation shall be fair and reasonable and not be excessive;
- (VIII) to review and approve compensation arrangement involved in termination or removal of any director due to his or her misconduct for the purposes of ensuring such compensation is consistent with contractual terms, in which case, if inconsistent with the contractual terms, compensation shall be reasonable and appropriate;

- (IX) to ensure that any director or his/her associate(s) will not determine his/her own remuneration.
- (X) to review and/or approve matters relating to share schemes as referred to in Chapter 17 of the Listing Rules.

**Article 122** Where the Company intends to invest in any other enterprise or provide guarantees for others, it shall, unless otherwise provided by laws, regulations, the rules of the stock exchange where the shares of the Company are listed or the Articles of Association, obtain a resolution from the board of directors. However, if the Company intends to provide guarantees to any shareholder or actual controller of the Company and their connected parties, it shall obtain a resolution at the general meeting.

The shareholders as prescribed in the preceding paragraph or the shareholders dominated by the actual controller as prescribed in the preceding paragraph shall not participate in voting on the matter as referred to in the preceding paragraph. Such voting shall be passed by more than half of the other shareholders with voting rights at the meeting.

The Company shall set up a strict internal control system governing external guarantees. All of the directors shall exercise caution against and strict control over the debt risks arising from external guarantees.

In case of external guarantees, the Company shall take precautions against risks, such as counter-guarantees by the other party. The provider of the counter-guarantees shall have the actual capacity to bear the same.

In the event that external guarantees violate the relevant laws, regulations, rules and the Articles of Association and cause the Company to incur losses, any responsible director shall bear joint and several liabilities.

**Article 123** Where the board of directors disposes fixed assets, the expected value of the proposed disposition of such fixed assets, if aggregated to the amount of fixed assets that were disposed in the period of four months immediately preceding the proposed disposition, exceeds 33% of the value of the fixed assets of the Company as shown in the latest balance sheet which was tabled at a general meeting, the board of directors shall, without any prior approval at a general meeting, not dispose or agree to dispose of any such fixed assets.

“Disposition of fixed assets” referred to in this article includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of guarantees.

The validity of disposition of fixed assets by the Company shall not be affected by any breach of the first paragraph of this article.

**Article 124** The chairman of the board of directors shall exercise the following powers:

- (I) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (II) to urge and check on the implementation of resolutions passed by the board of directors and to be apprised of the relevant reports;

- (III) to urge and organize formulation of the operating rules of the board of directors and to coordinate the operation of the board of directors;
- (IV) to sign the securities certificates issued by the Company;
- (V) to sign the important documents of the board of directors;
- (VI) to sign the important documents with legal binding effect on behalf of the Company;
- (VII) where there is occurrence of force majeure (such as serious natural disasters) and material emergency, which may result the failure to convene the meeting of the board of directors, to exercise the special right to address corporate affairs in accordance with the laws and for the interest of the Company, and to submit a report to the board of directors afterwards;
- (VIII) to exercise other powers conferred by the board of directors in accordance with the laws, administrative regulations, departmental rules, rules of the stock exchange of where the shares of the Company are listed and the Articles of Association.

**Article 125** The vice chairman of the Board of directors of the Company assists the chairman of the Board of directors. If the chairman of the Board is unable to or fail to perform his/her duties, then the vice chairman of the Board of directors shall perform his/her duties; if the vice chairman of the board of the directors is unable to or fail to perform his/her duties, then more than half of the directors will nominate a director to perform the duties.

**Article 126** Meetings of the board of directors shall be held at least four times every year, and shall be convened by the chairman of the board of directors with notification to all directors and supervisors in writing fourteen days prior to the meeting. The regular meetings of the board of directors will not include approval obtained from the board of directors by circulation of written resolutions.

Extraordinary meetings of the board of directors may be held under any of the following conditions:

- (I) upon joint request by one third or more of the directors;
- (II) upon request by the supervisory committee;
- (III) upon request by more than one half of independent non-executive directors;
- (IV) when the chairman of the board of directors considers it necessary;
- (V) upon request by the shareholders representing more than 10% voting rights;
- (VI) upon request by the general manager.

The chairman of the board of directors shall convene and preside over a meeting of the board of directors within ten days from the receipt of the proposal.



**Article 127** Notices of regular meetings and extraordinary meetings of the board of directors shall be delivered by telephone, facsimile or email. The time limit for the delivery of such notices of regular meetings of the board of directors shall be at least 14 days. Extraordinary meetings are not subject to any time limit. Only under practicable conditions will the agenda and other meeting documents be delivered to the board of directors as a whole at least three days before the date of the meeting of the board of directors or its committees to be held (or other time as agreed).

The time and place of the meeting of the board of directors may be appointed by the board of directors in advance and recorded in the minutes. If the minutes are sent to all of the directors at least 14 days prior to the date of the next meeting of the board of directors, no further notice to be delivered to the directors shall be required.

If a director attends the meeting and makes no statement before or during the meeting that he/she does not receive the notice of the meeting, he/she is deemed to have received the notice of the meeting.

The meeting of the board of directors may be held by telephone or other similar communications equipment. As regards such meeting, as long as the directors attending the meeting may hear the others speak and communicate with each other, all of the directors attending the meeting shall be deemed as attending the meeting in person.

**Article 128** Meetings of the board of directors shall be held only if more than one-half of the directors (including directors appointed to be present according to the rules) are present.

Voting on resolutions of the board of directors shall be on a one-person-one-vote basis. Save for connected transactions as required under Article 130 of the Articles of Association and other matters as required under Items (VII), (VIII) and (XV) of Paragraph 1 of Article 115 of the Articles of Association, a resolution of the board of directors must be passed by more than half of the directors as a whole.

Documents signed to vote by the directors respectively, if the number of the directors who consent to such documents reaches the quorum as required by the laws, administrative regulations and the Articles of Association, shall be deemed as effective as a resolution at a meeting of the board of directors legally held. Such documents may be in duplicates, each of which is signed by one or more directors. For the purpose of this article, a resolution affixed with the signature or name of a director and sent to the Company by post, facsimile or in person shall be deemed as a document signed by the director.

**Article 129** Directors shall in person attend the meetings of the board of directors, and attendance by way of electronic telecommunications shall be considered as being present in person. In case of any failure to attend such meetings for any reason, the director may by a written power of attorney appoint another director to attend such meetings on his/her behalf. The power of attorney shall set out the name of such proxy, relevant matters, scope of the authorization and effective period, which shall be signed or sealed by the appointor.

The director who attends the meeting on behalf of another director shall exercise the rights of the director within the scope of authorization. Where a director is unable to attend a meeting of the board of directors and has not appointed any proxy to attend such meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

**Article 130** When a director is connected to an enterprise (meaning he/she serves as a director or senior management of the counterparty, or may exercise direct or indirect control over the legal entity of such counterparty, or serve as a director or senior management at the legal entity under direct or indirect control by such counterparty) which is involved in a resolution to be approved at a meeting of the board of directors, such director shall not exercise his/her voting rights regarding the resolution, nor shall he/she vote on behalf of other directors. The meeting of the board of directors may be held with the presence of more than half of the non-connected directors. Resolutions made by at the meeting of the board of directors shall be passed by more than half of the non-connected directors. If less than three non-connected directors attend the meeting of the board of directors, the matter should be submitted to the general meeting for consideration.

**Article 131** Where any major shareholder (holding more than 10% of the shares) or any director has conflict of interest with respect to matters to be considered at the meeting of the board of directors, such matters shall be addressed by way of holding a meeting of the board of directors (rather than written resolution). In addition, independent non-executive directors who have no substantial stake in such matters shall be present at such meeting of the board of directors.

**Article 132** The board of directors shall keep minutes of resolutions passed at meetings of the board of directors. The minutes shall be signed by the directors present at the meeting and the secretary to the board of directors (who shall be the record keeper). A director who has expressed dissent during the voting at a meeting has the right to request that an entry be made in the minutes of that meeting that he or she expressed dissent during the voting. The minutes of the meeting shall be true, accurate and complete, and shall fully reflect the opinions of the directors on the items under discussion.

The directors shall be liable for the resolutions at the board of directors. If a resolution at the board of directors violates the laws, administrative regulations or the Articles of Association and the Company suffers material losses as a result thereof, the directors involved in such resolution are liable to compensate the Company. However, if a director is proven to have expressly objected to the resolution when voting took place and such objection was recorded in the minutes, such director may be free from such liability.

Minutes of a meeting of the board of directors includes the following contents:

- (I) Date and place of the meeting as well as the name of the convener;
- (II) Names of directors attending the meeting and names of the directors appointed by and on behalf of other directors (the proxy) to attend the meeting of the board of directors;
- (III) Agenda of the meeting;
- (IV) Main points of directors' speeches, which shall provide a detailed record of decisions made and matters to be taken into consideration at the meeting, particularly including any doubt or objection so raised or expressed by any director;
- (V) Methods and results of voting on each resolution (the voting results shall clearly contain the number of votes of consenting, objecting and abstaining);
- (VI) Signatures of the directors and the secretary to the board of directors (or the record keeper).

The record of minutes for the meetings of the board of directors shall be maintained for ten years. Upon a reasonable notice served by any director, the Company shall make such minutes available for such director for inspection within a reasonable timeframe.

**Article 133** As regards resolutions to be passed at extraordinary meetings of the board of directors, if the board of directors has sent the resolutions in writing (including by the way of fax and email) to all of the directors and ensure that the directors are able to fully express their opinions, the voting may be carried out by way of communication and resolutions may be made without convening a meeting of the board of directors. However, in order to make an effective resolution, the number of the directors who sign to consent shall reach the quorum as provided by paragraph 2 of Article 128 of the Articles of Association.

**Article 134** The meetings of the board of directors shall be held at the legal address of the Company in principle, but may be held in other places outside China subject to resolutions of the board of directors.

**Article 135** The reasonable fees for the directors to attend the meeting of the board of directors shall be borne by the Company, including inter-city travel expenses for the director traveling to the place of the meeting (if different) from his/her place, fees for business meal and accommodation during the meeting and local travel expenses.

## CHAPTER 9: PARTY ORGANIZATION

**Article 136** According to the Constitution of the Communist Party of China, Regulations on the Work of the Communist Party of China for its Grassroots Organizations at State-owned Enterprises (Trial), and other provisions, as approved by the Committee of Shandong Hi-Speed Group Co., Ltd. of Chinese Communist Party (中共山東高速集團有限公司委員會), the Committee of Qilu Expressway Company Limited of Chinese Communist Party (中國共產黨齊魯高速公路股份有限公司委員會) was established. Meanwhile, according to the relevant provisions, the disciplinary inspection committee of Qilu Expressway Company Limited of Chinese Communist Party was set up.

**Article 137** The leadership of the Company's Party Committee, in accordance with the Constitution of the Communist Party of China, Regulations on the Work of the Communist Party of China for its Grassroots Organizations at State-owned Enterprises (Trial) and other provisions, is equipped with management authority. The leadership of the Party Committee consists of 9 members, with 1 Party secretary, 2 deputy secretaries and 1 discipline inspection committee secretary.

**Article 138** Pursuant to relevant requirements, the Party Committee of the Company shall set up grassroots party committees, general branch committees and branch committees by hierarchy, establish a Party organization and related administrative organs, and maintain staffing to handle Party's affairs. The Company shall provide necessary environment for the activities of the Party organization and guarantee the working funds of the Party organization. The party organization of the Company shall conduct regular general elections according to the "Interim Provisions on the Election of Grassroots Organization of the Chinese Communist Party (《中國共產黨基層組織選舉工作條例》)".

**Article 139** The Party Committee of the Company shall lead the general direction, control the general situation and ensure successful implementation, discussing and deciding on major company matters in accordance with regulations. Major business and management matters shall be studied and discussed by the Party organization before the board of directors or the management makes a decision in accordance with their powers and prescribed procedures. The main responsibilities are:

- (I) to strengthen the political construction of the Company's Party, adhere to and implement the fundamental, basic and important systems of socialism with Chinese characteristics, educate and guide all Party members to always maintain a high degree of consistency with the central committee of the Party with Comrade Xi Jinping at the core in terms of political stance, political direction, political principles and political path;
- (II) to thoroughly study and implement Xi Jinping thought on socialism with Chinese characteristics in the new era, thoroughly implement the Party's line, principles and policies, as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee and the resolutions of the Party organization at higher levels in the Company, promote the Company's responsibility and mission, focus on the main responsibility, the main business, and service major national and provincial strategies to fully fulfill economic, political, and social responsibilities;
- (III) to investigate and discuss the significant operation and management matters of the Company and support the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;
- (IV) to strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, the cadres team and talents team of the Company;
- (V) to undertake the main responsibility of overall and strict governance of the Party, lead and support the discipline inspection and supervision agencies to fulfill their supervisory responsibilities, to strict political discipline and political rules, and to promote the overall and strict governance of the Party to the grassroots extension;
- (VI) to strengthen the building of the Party on the style of work, strictly follow the spirit of the eight requirements of the central government, and resolutely oppose the "formalism, bureaucracy, hedonism and extravagance", especially formalism and bureaucracy;
- (VII) to strengthen the building of primary-level Party organizations and of its contingent of Party members, and unite and lead employees company-wide to devote themselves into the reform and development of the Company;
- (VIII) to lead the Company's ideological and political work, the spirit and civilization progress, the united front work and lead the Labour Union, Communist Youth League and other mass organizations of the Company.

**Article 140** The Party Committee shall strictly control the authorization decision-making plan of the board of directors to prevent unauthorized or excessive authorization. The Party Committee generally does not conduct preliminary research and discussion on decision-making matters authorized by the board of directors to chairman and management.

**Article 141** Adhering to and improving the “two-way entry, cross-appointment” leadership system, eligible members of the Party Committee team can enter the board of directors and the management team through legal procedures, the members of board of directors and the management team of eligible Party members can enter the Party Committee in accordance with relevant regulations and procedures.

The secretary of the Party Committee and chairman of the Board are served by one person. The chairman and general manager shall be separated. The general manager who is a Party member shall serve as the deputy secretary of the Party Committee and join the board of directors. The full-time deputy secretary of the Party Committee shall join the board of directors and shall not serve at the management level.

## **CHAPTER 10: SECRETARY TO THE BOARD OF DIRECTORS**

**Article 142** The Company shall have one secretary to the board of directors. The secretary shall be a senior management of the Company and accountable to the board of directors.

**Article 143** The secretary to the board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed or removed by the board of directors. His/her primary responsibilities are as follows:

- (I) to be responsible for communication and liaison between the Company, relevant parties, the stock exchange and other relevant securities regulatory authorities to ensure the Company prepares and delivers reports and documents to competent authorities as required by the law;
- (II) to be responsible for the management of information disclosure of the Company; to urge the Company to formulate and implement the rules of information disclosure and internal reporting rules for significant information; to urge the Company and relevant parties to discharge their duties of information disclosure according to the law; and to submit the regular and special reports to the stock exchange in accordance with relevant regulations;
- (III) to coordinate the relationship between the Company and investors; to receive investors during their visits; to answer the questions raised by investors; and to provide the investors with the information disclosed by the Company;
- (IV) to prepare general meetings and meetings of the board of directors in accordance with legal procedures; and to prepare and submit the documents and materials of such meetings;
- (V) to attend the meetings of the board of directors; and to prepare and sign the minutes;
- (VI) to be responsible for the confidentiality work relating to information disclosure; to formulate the measures on confidentiality; to urge the directors, supervisors, general manager and other senior management and relevant informed persons to keep the information confidential before it is disclosed; and to adopt any remedial measures for release of insider information in time and report to the stock exchange at the same time;
- (VII) to be responsible for maintaining the register of shareholders, the register of directors, the documents stating that the major shareholder, directors, supervisors, general manager and other senior management hold the shares of the Company, and the documents and minutes of the general meetings, the meetings of the board of directors; to ensure that the Company has complete organization documents and records; and to ensure that the persons who have the right to obtain relevant records and documents may access to them in time;



- (VIII) to assist the directors, supervisors, general manager and other senior management in being informed of relevant laws, regulations, rules, listing rules of the stock exchange, other provisions and the Articles of Association of the Company, as well as the content regarding legal responsibilities of the listing agreement;
- (IX) to procure the board of directors to discharge its duties in accordance with the law; where the board of directors proposes a resolution that is in violation of laws, administrative regulations, departmental rules, rules of the stock exchange where the share of the Company are listed, other provisions and the Articles of Association of the Company, the secretary to the board of directors shall remind the directors attending the meeting and request the supervisors at presence to express their opinions; if the board of directors insists in making such resolution, the secretary to the board of directors shall record the opinions of relevant supervisors and persons in the minutes and report the same to the stock exchange;
- (X) other responsibilities stipulated in the laws, administrative regulations, departmental rules, rules and other regulations of the stock exchange where the share of the Company are listed, and the Articles of Association of the Company.

**Article 144** Directors or other senior management of the Company other than the general manager and chief financial officer may also act as the secretary to the board of directors. Any accountant from the accounting firm which has been appointed by the Company to act as its auditor shall not act as the secretary to the board of directors.

Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the offices of director and secretary shall not perform the act in a dual capacity.

## **CHAPTER 11: GENERAL MANAGER**

**Article 145** The Company shall have one general manager, four deputy general managers to assist the general manager, and one chief financial officer. Subject to work requirements, the positions for the chief economist, chief engineer, chief safety officer and other senior management may be set up. The aforesaid senior management members shall be appointed or removed by the board of directors.

The terms of general manager and other senior management are three years and renewable upon re-election.

**Article 146** Persons who hold administrative positions other than directors or supervisors in any entity of the controlling shareholder of the Company shall not be appointed as senior management members of the Company.

The senior management of the Company shall only be entitled to the salaries paid by the Company. The controlling shareholders shall not pay the salaries on behalf of the Company.

**Article 147** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, and to report to the board of directors;



- (II) to organize the implementation of the resolutions of the board of directors;
- (III) to organize the implementation of the annual business plan, and investment and financing plans of the Company;
- (IV) to draft plans for the establishment of the internal management structure of the Company;
- (V) to propose plans for the establishment of the branches and sub-branches of the Company;
- (VI) to propose the basic management system of the Company; (VII) to formulate detailed rules and regulations of the Company;
- (VIII) to propose the appointment or dismissal by the board of directors of the deputy general manager and chief financial officer, chief economist, chief engineer, and chief safety officer of the Company, and to advise on their remunerations;
- (IX) to appoint or dismiss other executive officers other than those appointed or dismissed by the board of directors, and to determine their assessments, remunerations, incentives and punishments;
- (X) other functions and powers granted by the Articles of Association or the board of directors.

**Article 148** The general manager shall attend meetings of the board of directors.

**Article 149** The general manager of the Company shall, as required by the board of directors or the supervisory committee, report to the board of directors or the supervisory committee on the execution and performance of material contracts entered into by the Company and utilization of fund. The general manager shall ensure authenticity of such reports.

Prior to determining issues related to the interest of the employees, such as remuneration, welfare, production safety, labour insurance, removal (or dismissal) of employees of the Company, the general manager of the Company shall consult the opinions of the labour union of the Company and the employees representatives meeting.

**Article 150** The general manager shall formulate his/her terms of reference in detail, which shall be implemented upon approval by the board of directors.

The working rules of the general manager include the following:

- (I) conditions, procedures and the number of participants for convening meetings of the managers;
- (II) respective duties and division of labor among general manager and other senior management;
- (III) limits of authority in using company funds and assets as well the signing of significant contracts, together with the system of reporting to the board of directors and the supervisory committee;
- (IV) other matters considered necessary by the board of directors.

**Article 151** The general manager may resign before expiry of his term of service. The specific procedures and methods for the resignation of the general manager shall be stipulated in the labor contract between the general manager and the Company.

**Article 152** The general manager, when performing his/her functions and powers, shall act honestly and diligently and in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

**Article 153** If a senior management member breaches the laws, administrative regulations, departmental rules or the Articles of Association when carrying out his duties and causes loss to the Company, he shall be held responsible for damages.

**Article 154** The senior management of the Company shall faithfully perform their duties and protect the best interests of the Company and all shareholders. The senior management of the Company shall be liable for compensation in accordance with the law if they fail to perform their duties faithfully or violate their fiduciary obligations and cause damage to the interests of the Company and public shareholders.

## **CHAPTER 12: THE SUPERVISORY COMMITTEE**

**Article 155** The Company shall establish a supervisory committee.

**Article 156** The supervisory committee shall comprise eight supervisors, among which, two are independent supervisors and three are employee supervisors. Each supervisor shall serve a term of three years, which is renewable upon re-election.

One member of the supervisory committee shall act as the chairman. The election or removal of the chairman of the supervisory committee shall be determined by more than one-half of the members of the supervisory committee.

When a supervisor's term of office expires while a new supervisor is not yet appointed, or when a supervisor resigns during his term of office, leading to the number of members in the supervisory committee falling below the statutory requirement, and before the newly appointed supervisor takes up his appointment, the original supervisor shall continue to perform his duties according to the laws, administrative regulations and the Articles of Association.

**Article 157** Supervisors who are not employee representatives shall be elected or removed by the shareholders at general meetings. Supervisors who are employee representatives of the Company shall be elected or removed democratically by the employees of the Company, and shall be not less than one third of the total number of the supervisors.

**Article 158** Any director, general manager and other senior management of the Company shall not act concurrently as a supervisor.

**Article 159** Supervisors shall comply with laws, administrative regulations and the Articles of Association, owe a duty of loyalty and diligence to the Company, shall not accept bribes or other illegal income by abusing the powers of his position, and shall not embezzle properties of the Company.

**Article 160** A supervisor shall ensure that the information disclosure of the Company is true, accurate and complete, and sign the written confirmation of regular reports of the Company.

**Article 161** A supervisor may attend meetings of the board of directors. He/she can also question or make suggestions concerning proposed resolutions at the board of directors' meeting.

**Article 162** A supervisor shall not make use of his associated relationship to harm the Company's interests. For any losses caused to the Company arising therefrom, he/she shall bear the responsibility of compensation.

**Article 163** If a supervisor contravenes the law, administrative regulations, departmental regulations or the Articles of Association while performing his/her duties and causing losses to the Company, he/she shall bear the responsibility of compensation.

**Article 164** Meetings of the supervisory committee shall be convened at least twice a year and at least once every six months, which shall be convened and chaired by the chairman of the supervisory committee. The supervisors may propose to convene an extraordinary meeting of the supervisory committee. If the chairman is unable or fails to perform his/her duties, more than half of the supervisors shall jointly appoint a supervisor to convene and preside over such meetings.

The supervisory committee may convene a meeting and vote by electronic means of communication.

**Article 165** The supervisory committee shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with the law:

- (I) to inspect the financial conditions of the Company;
- (II) to supervise the directors and senior management in their performance of duties, and to propose the removal of directors and senior management who have contravened any law, administrative regulations, the Articles of Association or resolutions at the general meetings;
- (III) to demand any director, general manager and other senior management of the Company who acts in such a manner that is detrimental to the interest of the Company to rectify such behavior;
- (IV) to review the periodic reports prepared by the board of directors and provide written review opinions;
- (V) to propose to convene an extraordinary general meeting, and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over such general meetings;
- (VI) to propose resolutions at a general meeting;
- (VII) to discuss, on behalf of the Company, with directors or senior management of the Company on behalf of the Company, or to institute proceedings against the directors or senior management;
- (VIII) to propose to convene an extraordinary meeting of the board of directors;
- (IX) to conduct investigations upon discovery of abnormality in the business operation and engage professional firms such as accounting firms and law firms to assist its work where necessary. The cost shall be borne by the Company;

(X) to exercise other functions and powers provided by the Articles of Association.

**Article 166** Where there is a proper reason, a supervisor is entitled to request the chairman of the supervisory committee to convene an extraordinary meeting of the supervisory committee. The notice of each meeting of the supervisory committee shall be delivered by telephone or facsimile ten days before such meeting. The notice shall include: date and place of the meeting, term of the meeting, subjects of the meeting and the date of the notice.

Meetings of the supervisory committee shall be held only if two thirds or more supervisors are present. Voting at the meetings of the supervisory committee shall be taken by poll. Each of the supervisors has one voting right. The supervisors shall attend the meetings of the supervisory committee in person. If any supervisor is unable to attend such meetings, he/she may appoint another supervisor to attend such meetings on his/her behalf in writing. The power of attorney shall include the scope of authorization.

Resolutions at either the ordinary meetings or extraordinary meetings of the supervisory committee shall be passed by the affirmative votes of more than one-half of all supervisors.

**Article 167** The supervisory committee shall prepare minutes of the meetings. A supervisor is entitled to request for inclusion of some explanatory record to the minutes concerning his/her speech made during the meetings. Supervisors attending such meetings and the clerk shall affix their signatures to the minutes.

Minutes of the meetings of the supervisory committee, as part of the corporate files, must be kept by the secretary to the board of directors for a period of ten years.

**Article 168** The implementation of the resolution by the supervisory committee shall be recorded. As regards all resolutions of the supervisory committee, a supervisor shall be appointed to implement such resolutions or oversee the implementation thereof. The supervisor so appointed shall record the implementation of the resolution of the supervisory committee and report the result of such implementation to the supervisory committee.

**Article 169** The supervisors and the supervisory committee are not responsible for the resolutions of the board of directors. However, if the supervisory committee considers that a resolution by the board of directors violates the laws, regulations and the Articles of Association or damages the interests of the Company, it may make a resolution to recommend reconsideration to the board of directors.

**Article 170** In exercising its functions and powers, the supervisory committee may appoint such professionals as lawyers, certified accountants or practicing auditors, all reasonable fees arising from which shall be borne by the Company.

The reasonable fees for the supervisors to attend the meeting of the supervisory committee shall be borne by the Company, including inter-city travel expenses for the supervisor traveling to the place of the meeting (if different) from his/her place, fees for business meal and accommodation during the meeting, fees for the conference room and local travel expenses.

**Article 171** The supervisory committee shall formulate the rules of procedures for the supervisory committee and clarify the discussion methods and voting procedures of the supervisory committee, to ensure the work efficiency and scientific decision-making of the supervisory committee. The rules of procedures for the supervisory committee shall be affixed to the Articles of Association as attachments, which shall be drafted by the supervisory committee and approved at a general meeting.

A supervisor shall perform his/her supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

**Article 172** A notice to a meeting of the supervisory committee shall include the following contents:

- (I) date, venue, and duration of the meeting;
- (II) reasons and issues of discussion;
- (III) date of issuance of notice.

### **CHAPTER 13: QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 173** A person shall not serve as a director, supervisor, general manager or any other senior management of the Company if any of the following circumstances applies:

- (I) a person who does not have or who has limited capacity for civil conduct;
- (II) a person who has been sentenced for corruption, bribery, embezzlement of property, misappropriation of property or other crimes that disrupt the social economic order, or a person who has been deprived of his/her political rights and not more than five years have lapsed since the sentence was served, and who have been given a suspended sentence, the period of two years since the expiration of the probation period has not exceeded;
- (III) a person who is a former director or factory manager of a company or enterprise which has entered into dissolution or liquidation and who bears responsibility for insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of such dissolution or liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise, the business license of which was revoked due to violation of law, and who is personally liable therefor, where less than three years have elapsed since the date of the revocation of such business license;
- (V) a person who has a relatively large amount of debts which have become overdue and are listed as dishonest debtors by the people's court;
- (VI) a person who is currently under investigation by judicial organs for violation of the criminal law or subject to a pending case;
- (VII) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;

- (VIII) a person other than a natural person;
- (IX) a person who has been convicted by the competent authority for violation of the relevant securities regulations and such conviction involves fraudulent or dishonest conduct, where less than five years have lapsed from the date of such conviction;
- (X) any person who is currently being prohibited from participating in the securities market by the CSRC and other competent authorities and such barring period has not elapsed;
- (XI) other circumstances provided by the relevant laws and regulations.

Any person who serves as an employee other than a director or supervisor in the controlling shareholder, actual controller of the Company may not serve as a senior management of the Company.

Any election or appointment of directors, supervisors or senior management in breach of this article shall be invalid. The Company shall remove any directors, supervisors and senior management if they are involved in the circumstances stated in this article during their term of office.

**Article 174** Directors, supervisors and the senior management shall comply with laws, administrative regulations and the Articles of Association, and owe a duty of loyalty to the Company on the following obligations:

- (I) not to accept bribes or other illegal income by abusing the powers of his position and not to embezzle properties of the Company;
- (II) not to misappropriate funds of the Company;
- (III) not to deposit assets or funds of the Company in an account opened in his personal name or names of other individuals;
- (IV) not to violate the provisions of the Articles of Association, not to lend funds of the Company to others or provide guarantee for others with properties of the Company without consent from the general meeting or Board;
- (V) not to violate the provisions of the Articles of Association or not to enter into contracts or carry out transactions with the Company without consent from the general meeting;
- (VI) not to use the convenience of his position to seize business opportunities from the Company in favour of himself or others, or operate a business similar to the business of the Company for the benefit of himself or others, without consent from the general meeting;
- (VII) not to receive commissions from transactions conducted with the Company for his own benefit;
- (VIII) not to divulge secrets of the Company in an unauthorized manner;
- (IX) not to use his related-party relationship to harm the interest of the Company;
- (X) other obligations of loyalty as required by laws, administrative regulations, departmental rules and the Articles of Association.



Any income received by a director in violation of this article shall be returned to the Company; and such director shall be liable for damages for any losses incurred by the Company as a result.

**Article 175** Directors, supervisors and the senior management shall owe the Company the following duty to act diligently in compliance with the laws and administrative regulations and the Articles of Association:

- (I) to exercise the rights conferred by the Company carefully, earnestly and diligently to ensure that the business practices of the Company comply with the State laws and administrative regulations and the requirements under the State economic policies and that the business activities of the Company do not exceed the business scope set out in its business licence;
- (II) to treat all shareholders equally;
- (III) to understand the business operation and management of the Company in a timely manner;
- (IV) to sign off written confirmatory opinion on the regular reports of the Company, and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (V) to truthfully inform the supervisory committee of the relevant situation and details and not to hinder the supervisory committee or supervisors to exercise its or their functions and powers;
- (VI) such other duties to act diligently as may be provided under laws, administrative regulations, departmental rules and the Articles of Association.

The provisions on diligence obligations in Items (IV), (V) and (VI) of the preceding paragraph shall also apply to the senior management of the Company.

#### **CHAPTER 14: FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

**Article 176** The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and PRC accounting standards formulated by the competent fiscal authorities of the State Council.

**Article 177** At the end of each accounting year, the Company shall prepare a financial report which shall be audited by an accounting firm in a manner prescribed by law.

The accounting year of the Company is in Gregorian calendar year which is from January 1 to December 31.

**Article 178** At every annual general meeting, the board of directors of the Company shall place before the shareholders such financial reports that is prepared by the Company in accordance with the relevant laws, administrative regulations and normative documents promulgated by competent local governments and the competent authorities.

**Article 179** The financial reports of the Company shall be made available to the shareholders for inspection at the Company 20 days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

A copy of the financial report, accompanied by the balance sheet (including every document required by the applicable laws to be attached thereto) and the statement of profit and loss or income and expenditure account, or the financial highlights shall, at least 21 days before the date of the general meeting, be delivered by the Company to every holder of H Shares by prepaid mail, and the addresses of such recipients shall be based on those entered on the register of shareholders. Subject to the laws, administrative regulations and the rules of the stock exchange where the shares of the Company are listed, the Company may deliver such report by way of announcement (including publication through the website of the Company).

**Article 180** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the listing venue overseas where the shares of the Company are listed. If there is any material discrepancy between the financial statements prepared respectively in accordance with the two accounting standards, such discrepancy shall be specified in notes to the financial statements. When the Company distributes its after-tax profits for the relevant accounting year, the lower of the two amounts of such after-tax profits shown in the financial statements shall prevail.

**Article 181** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the listing venue overseas where the shares of the Company are listed.

**Article 182** The Company shall publish two financial reports each accounting year, namely an interim financial report within two months after the end of the first six months of the accounting year and an annual financial report within four months after the end of the accounting year.

**Article 183** The Company shall not keep any other accounting book other than those required by law. No asset of the Company shall be deposited into the account(s) in the name of any individual.

**Article 184** Capital reserve includes the following items:

- (I) the premiums obtained from the issue of shares over par value;
- (II) other income designated for the capital reserve prescribed by the competent fiscal authorities of the State Council.

**Article 185** When the Company distributes its after-tax profits for a given year, 10% of profits shall be allocated to its statutory common reserve of the Company. The Company shall no longer be required to make allocations to its statutory common reserve when the aggregate amount of such statutory common reserve exceeds 50% of the registered capital of the Company.

If the statutory common reserve of the Company is insufficient to make up its losses of the previous years, such losses shall be covered by the profit for the current year before those already allocated to the statutory common reserve pursuant to the preceding paragraph.

After the Company makes the allocation from its after-tax profits to its statutory common reserve, the Company may, subject to a resolution at the general meeting, make an allocation from its after-tax profits to the discretionary common reserve.

After the Company has covered its losses and made allocations to its common reserve, the remaining profits of the Company shall be distributed in proportion to the shareholding percentage held by the shareholders, unless the Articles of Association provide that distributions are to be made otherwise than proportionally.

If the general meeting violates the preceding paragraph by distributing profits to the shareholders before the Company has covered its losses and made allocations to the statutory common reserve, the shareholders must return such profits distributed in violation of regulations to the Company. If losses are caused to the Company, shareholders and responsible directors, supervisors and senior management, shall be liable for damages.

The shares held by the Company shall not be entitled to profit distribution.

**Article 186** The Company may distribute dividends in the form of (or in both forms simultaneously):

- (I) cash;
- (II) shares.

The Company shall calculate and declare dividends and other amounts which are payable to the holders of domestic unlisted shares in RMB, and shall pay such amounts in RMB within three months following the announcement of dividends distribution. The Company shall calculate and declare dividends and other payments which are payable to the holders of H Shares in RMB, and shall pay such amounts in RMB/HKD within three months following the announcement of dividends distribution. If such amounts are paid in HKD, the exchange rate shall be the average middle rate for the relevant foreign currency announced by the People's Bank of China during the five business days prior to the announcement of payment of dividend and other amounts. The Company shall pay the HKD to the holders of H Shares in accordance with the relevant national regulations on foreign exchange control. The distribution of dividends by the Company shall be implemented by the board of directors, which shall be authorized by ordinary resolution at a general meeting.

**Article 187** The shareholders shall be entitled to any interest accrued from any amount paid upon any shares before a call is made. However, the shareholders are not entitled to any dividend of such pre-paid share capital declared subsequently.

**Article 188** The Company shall appoint a receiving agent for the holders of H Shares, which shall be a trust company registered under the Trustee Ordinance of Hong Kong. The receiving agent shall receive on behalf of such shareholders any dividend or other amounts payable by the Company to them in respect of the Overseas Listed Shares.

The receiving agent appointed by the Company shall satisfy the requirements under the laws of the listing venue where the shares of the Company are listed or the rules of any stock exchange.

Subject to compliance with the relevant laws and administrative regulations of the PRC and rules of the stock exchange where the share of the Company are listed, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiration of the relevant timeframe.

The Company has the right to cease sending dividend warrants to a holder of H Shares by post if such warrants have been left uncashed on two consecutive occasions. However, such right may be exercised after the first occasion on which such a warrant is returned undelivered.

As regards exercise of the right to issue warrants to bearers, no new warrant shall be issued to replace the one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

The Company shall exercise the right to sell the H Shares of a holder who is untraceable in a proper way decided by the board of directors, provided that the following conditions are satisfied:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiration of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in newspapers and notifies the stock exchange where the shares are listed of such intention.

## **CHAPTER 15: APPOINTMENT OF ACCOUNTING FIRM**

**Article 189** The Company shall appoint an accounting firm which is qualified under the requirements of the Securities Law to audit the annual report of the Company and review other financial reports of the Company.

**Article 190** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which it is appointed until the conclusion of the next annual general meeting, subject to reappointment.

**Article 191** Irrespective of the provisions in the contract between the accounting firm and the Company, the general meeting may by ordinary resolution remove such accounting firms prior to expiration of the tenure of such accounting firm. As regards the accounting firm's right to claim for damages which arise from its removal, such rights shall not be affected thereby.

**Article 192** The audit fees of an accounting firm shall be determined at a general meeting.

**Article 193** The Company warrants that true and complete accounting documents, accounting ledgers and books, financial accounting reports and other accounting information shall be provided to the engaged accounting firm, no refusal, concealment or false report is allowed.

**Article 194** The appointment or removal of an accounting firm by the Company shall be resolved at a general meeting. The board of directors shall not appoint an accounting firm prior to the passing of a resolution of the shareholders at the general meeting.

**Article 195** A 15-day advance notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. When shareholders vote on the dismissal of the accounting firm at the general meeting, such accounting firm shall be entitled to make representations at the general meeting.

Where the accounting firm proposes to resign its office, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

## CHAPTER 16: INSURANCE

**Article 196** The various types of insurance of the Company shall be determined at a meeting of the board of directors in accordance with the relevant insurance law in China.

## CHAPTER 17: EMPLOYMENT SYSTEM AND LABOUR UNIONS

**Article 197** The Company may employ and dismiss employees based on the business development requirements of the Company and in accordance with the requirements of the national laws and administrative regulations.

**Article 198** The Company may formulate the labour and payroll systems and payment methods of the Company in accordance with the relevant national laws and regulations, and the Articles of Association and the economic benefits of the Company.

**Article 199** The Company shall endeavor to improve its employee benefits and to continually improve the working environment and living standards of its employees.

**Article 200** The Company shall, pursuant to the relevant requirements of the national law and administrative regulation, arrange medical, retirement, and unemployment insurances for the management personnel and employees of the Company, and follow through the relevant provisions of the laws, regulations and rules on the labour insurance of retired and unemployed workers.

**Article 201** The employees of the Company shall have the right to establish a trade union and organize trade union activities in accordance with the Trade Union Law of the People's Republic of China.

## CHAPTER 18: MERGER AND DIVISION OF THE COMPANY

**Article 202** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

A merger by absorption occurs when a company absorbs other companies and the absorbed companies are dissolved. A consolidation occurs when not less than two companies are merged to establish a new company and the merging parties are dissolved.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days following the date of the merger resolution, and shall make a public announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days following the date of the merger resolution. Creditors may, within a period of 30 days upon the date of receipt of the written notification, or for those who do not receive written notification, within a period of 45 days following the date of the announcement, claim full repayment or require a corresponding guarantee from the Company.

At the time of merger, rights and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 203** Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days following the date of the division resolution, and shall make a public announcement in a newspaper recognized by the stock exchange where the shares of the Company are listed or the National Enterprise Credit Information Publicity System within 30 days following the date of the division resolution.

The liability for the debts before the Company is divided shall be borne by the companies surviving the division, unless otherwise as provided in a written agreement entered into between the Company and its creditors on payment of debts prior to the division.

**Article 204** Where a change in its registration arises as a result of any merger or division of the Company, the Company shall, in accordance with the law, apply for change in its registration with the company registration authority. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the law. Where a new company is established, the Company shall apply for registration thereof in accordance with the law.

## **CHAPTER 19: DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 205** The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (I) the operating period stipulated in the Articles of Association expires or other reasons for dissolution stipulated in the Articles of Association occur;
- (II) a resolution for dissolution is passed at a general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) its business license has been revoked, or it is ordered to close down or is dissolved according to law;
- (V) serious difficulties arise in the operation and management of the Company, its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case, the shareholders holding more than ten percent of the total voting rights of the shareholders may file petition to a people's court to dissolve the Company;
- (VI) other circumstances when the Company should be dissolved in accordance with laws and administrative regulations.

In the event that the encounters the circumstances mentioned in (I) and (II) of the preceding paragraph and has not yet distributed its property to its shareholders, the Company may survive by amending the Articles of Association or by resolution of the shareholders at the general meeting.

Amendments to the Articles of Association or resolutions of the general meeting pursuant to the preceding paragraph shall require the approval of more than two-thirds of the votes held by the shareholders present at the general meeting.



**Article 206** Where the Company is to be dissolved pursuant to items (I), (II), (IV) and (V) of the preceding article, it shall be subject to a liquidation. The directors shall be the obligors of the Company's liquidation and shall form a liquidation committee to carry out the liquidation within fifteen days from the date on which the cause of dissolution arises.

The liquidation committee shall be composed of directors, unless the general meeting resolves to elect another person. If a liquidation committee is not formed for liquidation after the expiration of the period of time or is not liquidated after the formation of the liquidation committee, the interested parties may apply to the people's court to appoint relevant persons to form a liquidation committee for liquidation.

If the liquidation obligor fails to fulfill its liquidation obligations in time and causes losses to the Company or creditors, it shall be liable for compensation.

**Article 207** The liquidation committee shall, within ten days of its establishment, send notices to the creditors, and shall, within 60 days of its establishment, make a public announcement in a newspaper or on National Enterprise Credit Information Publicity System. A creditor shall, within 30 days of receipt of such notice, or for those creditors who have not personally received such notice, within 45 days of the date of the public announcement, claim its/his/her/their rights to the liquidation committee. A creditor filing a claim shall state the matters to which the claim relates and provide supporting documents.

The liquidation committee shall register the creditor's rights in accordance with the law. During the creditor-reporting period, the liquidation committee shall not settle any debts to any creditor.

**Article 208** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to sort out the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify the creditors or to make public announcements;
- (III) to dispose of and liquidate any unfinished businesses of the Company;
- (IV) to pay all outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to deal with the remaining assets after the debts of the Company are fully settled;
- (VII) to represent the Company in any civil proceedings.

**Article 209** After sorting out the assets of the Company, as well as preparing the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or to people's court for confirmation.

The assets of the Company shall be paid in accordance with following order: the liquidation charges, employee salary, social insurance, statutory compensation, outstanding taxes and corporate debts.

After the expenses provided in the preceding paragraph are all settled, the shareholders of the Company may allocate the remaining assets of the Company based on the proportion of the shares held by them.

During the liquidation period, the Company continues to exist, but it shall not engage in any operation activities irrelevant to the liquidation.

The assets of the Company will not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

**Article 210** Where the Company is liquidated for dissolution, after the liquidation committee clears up the assets of the Company, and prepares the balance sheets and the inventory of assets, if the assets of the Company are found insufficient to settle the debts, it shall forthwith apply to the people's court for bankruptcy and liquidation pursuant to laws.

After the people's court accepts the bankruptcy liquidation, the liquidation committee shall pass the liquidation to the bankruptcy administrator appointed by people's court.

**Article 211** Upon completion of the liquidation, the liquidation committee should prepare a liquidation report to submit the same to the general meeting or the people's court for confirmation.

Within 30 days from the date of confirmation by the general meeting or the people's court, the liquidation committee shall submit the above-mentioned documents to the company registration authority and apply for cancellation of the registration of the Company and make an announcement on the termination of the Company.

**Article 212** The members of the liquidation committee shall perform their duties faithfully and fulfill their liquidation obligations in accordance with the law.

Members of the liquidation committee shall not use their authority to accept bribes or other illegal income, shall not encroach on the Company's property.

The members of the liquidation committee shall be liable for any loss caused to the Company or the creditors due to their willfulness or gross negligence.

**Article 213** If the Company is declared bankrupt by law, it shall implement bankruptcy liquidation in accordance with the laws on enterprise bankruptcy.

## **CHAPTER 20: PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

**Article 214** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

The board of directors of the Company will amend the Articles of Association in accordance with the resolutions with respect to amendments to the Articles of Association at a general meeting and the approval opinions from the relevant competent authorities.

The Company shall amend the Articles of Association under any of the following conditions:

- (I) Anything as contained in the Articles of Association is inconsistent with the amended laws and administrative regulations after the Company Law or the relevant laws and administrative regulations are revised;

- (II) Any change to the Company is inconsistent with those set forth under the Articles of Association;
- (III) the general meeting determines to make amendments to the Articles of Association.

**Article 215** If the amendments to the Articles of Association adopted by resolution of the general meeting shall be subject to the approval of the competent authorities, it shall be reported to the competent authorities for approval; if it involves matters of company registration, the change shall be registered in accordance with the law.

**Article 216** The board of directors shall amend the Articles of Association in accordance with the resolution of the general meeting to amend the Articles of Association and the approval of the relevant competent authorities.

**Article 217** Matters relating to the amendments to the Articles of Association shall be announced in accordance with the provisions of laws, administrative regulations, departmental rules and the rules of the stock exchange where the Company's shares are listed that require disclosure of such information.

## **CHAPTER 21: NOTICES AND ANNOUNCEMENTS**

**Article 218** Notices of the Company may be given in the following ways:

- (I) by hand;
- (II) by post;
- (III) by facsimile;
- (IV) by posting on websites designated by the Company and the Stock Exchange, subject to laws, administrative regulations and the rules of the stock exchange where the shares of the Company are listed;
- (V) by way of announcement;
- (VI) by any other means as agreed in advance by the Company or the notified party or as accepted by the notified party upon receipt of the notices;
- (VII) by any other means as recognized by the securities regulatory authorities of the listing venue where the shares of the Company are listed or as stipulated in the Articles of Association.

**Article 219** If a notice is delivered by post, it is only necessary to specify the address, prepay the postage and put the notice into the envelope. The notice is deemed to be delivered when it is put into the mailbox, and to have been served in 48 hours afterwards.

The notice delivered by the Company to the shareholders shall be announced on one or more newspapers designated by the securities regulatory authority and other regulatory authorities of the State Council. The notice is deemed to be served on all of the shareholders upon publish of the announcement.

Where a notice is served by announcement, it shall be deemed to have been received by all shareholders upon its publication.

**Article 220** Notwithstanding the preceding article specifying that the Company shall provide with and/or deliver corporate communications in writing to the shareholders, as regards the way to provide with and/or deliver corporate communications to the shareholders, if the Company has obtained the shareholders' written or implied consent in advance in accordance with the relevant laws and regulations and Listing Rules as amended from time to time, the Company may deliver or provide with corporate communications to the shareholders of the Company by electronic way or by way of announcement on the website of the Company. Corporate communications include but are not limited to: circulars, annual reports, interim reports, quarterly reports, notices of general meetings and other types of corporate communications provided by the Listing Rules.

## **CHAPTER 22: SETTLEMENT OF DISPUTES**

**Article 221** The Company shall abide by the following principles for settlement of disputes: In case of disputes between the Company, shareholders, directors, supervisors and senior management arising out of the Articles of Association, each party shall have the right to submit to the people's court of competent jurisdiction in the place of domicile of the Company for litigation and settlement.

## **CHAPTER 23: SUPPLEMENTARY PROVISIONS**

**Article 222** Unless otherwise specified in the Articles of Association, such terms as "no less than", "within", "no more than" as mentioned herein shall include in the amount the figures listed; such terms as "exceeding", "more than", "less than" or "beyond" shall not include the figures listed.

**Article 223** The term "senior management" referred to in the Articles of Association means the general manager, deputy general manager, chief financial officer, secretary to the board of directors, chief economist, chief engineer, chief safety officer and other senior management employed by the board of directors. The "general manager", "deputy general manager", and "chief financial officer" referred to herein shall have same meanings with the "manager", "vice manager" and "the person in charge of finance" specified in the Company Law.

**Article 224** References to any accounting firm, related and related party in the Articles of Association of the Company shall have the same meaning as "auditor", "connected" and "connected person" stated in the Listing Rules respectively.

**Article 225** The Articles of Association shall be written in Chinese. Where the versions written in other languages or other versions have different interpretations, the latest Chinese version approved by/filed with the competent administration for industry and commerce shall prevail. Where the versions written in other languages have different interpretations, the Chinese version shall prevail.

The Articles of Association include the rules of procedures for general meetings, the rules of procedures for the meetings of the board of director and the rules of procedures for the supervisory committee.

The Articles of Association shall be interpreted by the board of directors of the Company. Any matters unspecified in the Articles of Association shall be determined by resolutions proposed by the board of directors at the general meetings.