



**齐鲁高速**  
Qilu Expressway

**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.

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# 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 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**”), *State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Share* (the “**Special Regulations**”), *Mandatory Provisions for Company Listing Overseas* (the “**Mandatory Provisions**”), *the Opinions on the Revision and Supplement to Articles of Association of Companies to be Listed on Hong Kong*, *the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Listing Rules**”) and other relevant regulations.

**Article 2** The Company is a joint stock company with limited liability established in accordance with the *Company Law*, the *Special Regulations* 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.

The promoters of the Company are Qilu Transportation Development Group Company Limited, COSCO Shipping (Hong Kong) Co., Limited and Shenhua National Power Shandong Construction Group Limited.

**Article 3** 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 4** 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 5** The chairman of the board of directors of the Company shall be the Company’s legal representative.

**Article 6** 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 7** The Articles of Association are approved by a special resolution at the general meeting of the Company and shall become effective on the date when the Overseas Listed Foreign Shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), which shall simultaneously replace the original articles of association that has been registered with the administration for industry and commerce. The Company shall timely process registration of the new articles of association with the administration for industry and commerce.

From the date on which the Articles of Association come into effect, the Articles of Association shall become a legally binding document which regulates the organization and action of the Company, as well as the rights and obligations between the Company and the shareholders, and those rights and obligations among the shareholders.

**Article 8** The Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management of the Company; all of whom have the rights to propose any matters of the Company pursuant to the Articles of Association.

Without prejudicing Article 213 of the Articles of Association, a shareholder may take actions against the Company pursuant to the Articles of Association, while the Company may take actions against any shareholder, director, supervisor, general manager and other senior management pursuant to the Articles of Association. A shareholder may also take actions against another shareholder, the directors, supervisors, general manager and other senior management of the Company pursuant to the Articles of Association.

Actions referred to in the preceding paragraph includes proceedings before any court or arbitral bodies.

The “other senior management” as referred to in the preceding paragraph includes the deputy general manager, chief financial officer, chief economist, chief engineering, secretary to the board of directors and other officers decided by the board of directors for appointment.

**Article 9** 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 10** 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.

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

**Article 11** 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 12** 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 13** There must, at all times, be ordinary shares in the Company. Subject to the approval of any competent department authorized by the State Council to grant approvals, the Company may create different classes of shares according to its requirements.

**Article 14** The shares of the Company shall be represented by share certificates. 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 15** 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 16** Subject to the approval of the securities regulatory authority and other competent authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

“Foreign Investor(s)” referred to in the preceding paragraph mean(s) any investor who subscribes for the Company’s shares and is located in foreign countries and in such regions as Hong Kong, Macao and Taiwan. “Domestic Investor(s)” mean(s) any investor who subscribes for the Company’s shares and is located within the PRC.

**Article 17** Shares issued by the Company to Domestic Investors for subscription in Renminbi shall be referred to as “Domestic Shares”. Shares issued by the Company to Foreign Investors for subscription in foreign currencies shall be referred to as “Foreign Shares”. Foreign Shares which are listed overseas shall be referred to as “Overseas Listed Foreign Shares”.

“Foreign currencies” referred to in the preceding paragraph mean the lawful currencies (apart from Renminbi) of other countries or regions which are recognised by the foreign exchange control authority of the State and can be used to pay the Company for the share price.

Overseas Listed Foreign Shares issued by the Company and listed in Hong Kong shall be referred to as “H Shares”. H Shares are shares which have been admitted for listing on the Stock Exchange, and the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Subject to the approval of the securities regulatory authority and other competent authorities of the State Council, the holders of Domestic Shares of the Company may transfer their shares to foreign investors and such transferred shares may be listed or traded overseas. Any listing or trading of such transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange. The listing and trading on overseas stock exchange of such transferred shares are not subject to the approval of class shareholders' general meeting.

**Article 18** The Company issued a total of 1.5 billion ordinary shares to the promoters of the Company upon its incorporation, among others, Qilu Transportation Development Group Company Limited 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 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.

After the board of directors, acting upon the mandate granted by a general meeting, determines the number of the Domestic Shares or the Overseas Listed Foreign Shares to be placed or issued (individually or jointly) by the Company, the abovementioned number of shares shall be adjusted accordingly.

**Article 19** Upon incorporation of the Company, the Company may, subject to approval by the securities regulatory authority and other competent authorities of the State Council, issue no more than 575,000,000 Overseas Listed Foreign Shares (including 75,000,000 shares under the over-allotment options).

Following issuance of the abovementioned Overseas Listed Foreign Shares (excluding those under full exercise of the over-allotment options), the shareholding structure of the Company shall be: 2,000,000,000 ordinary shares, among which, the holders of Domestic Shares are interested in 900,000,000 Domestic Shares, representing 45.00% of the total issued ordinary shares of the Company, while the holders of Overseas Listed Foreign Shares are interested in 1,100,000,000 Overseas Listed Foreign Shares, representing 55.00% of the total issued ordinary shares of the Company.

Following issuance of the abovementioned Overseas Listed Foreign Shares (including those under full exercise of the over-allotment options), the shareholding structure of the Company shall be: 2,075,000,000 ordinary shares, among which, the holders of Domestic Shares are interested in 900,000,000 Domestic Shares, representing 43.37% of the total issued ordinary shares of the Company, while the holders of Overseas Listed Foreign Shares are interested in 1,175,000,000 Overseas Listed Foreign Shares, representing 56.63% of the total issued ordinary shares of the Company.

**Article 20** In accordance with the plans approved by the securities regulatory authority and other competent authorities of the State Council for issuance by the Company of Overseas Listed Foreign Shares and Domestic Shares, the board of directors of the Company may implement and arrange such issuances, respectively.

The Company may implement the plans for issuance of Overseas Listed Foreign Shares and Domestic Shares pursuant to the preceding paragraph within fifteen months from the date of approval by the securities regulatory authority and other competent authorities of the State Council.

**Article 21** If the Company separately issues Overseas Listed Foreign Shares and Domestic Shares within the total number specified in the issue scheme, the said shares shall be issued respectively at one time. If it is impossible for the shares to be issued at one time due to special reasons, the shares may be issued by tranches upon approval by the securities regulatory authority and other competent authorities of the State Council..

**Article 22** When issuance of the Overseas Listed Foreign Shares (including those under full exercise of over-allotment options) is completed, the registered capital of the Company shall be RMB2,075,000,000.

**Article 23** The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association of the Company.

The Company may increase its capital in the following ways:

- (I) offer of new shares to non-specially-designated investors for subscription;
- (II) placement of new shares to its specific investors and/or existing shareholders;
- (III) issuance of new 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 the securities regulatory authority and other competent authorities under the State Council.

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 Administration for Industry and Commerce where the Company was originally registered and issue an announcement.

**Article 24** 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 freely transferable without being subject to any lien.

**Article 25** The Company does not accept its own shares as the subject matter of any pledge.

**Article 26** Shares of the Company held by the promoters are not transferable within one year commencing from the date of incorporation of the Company. 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.

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; 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 27** 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 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 are free from the six-month restriction when disposing of such shares.

If the board of directors of the Company fails to comply with the requirement set forth in the preceding paragraph, 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 28** 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 29** 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.

**Article 30** 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) cancelling its shares for the purpose of reducing the registered capital of the Company;
- (II) merging with another company that holds the share certificates of the Company;
- (III) granting shares as incentives to employees of the Company;
- (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) other circumstances permitted by the laws, regulations and the securities regulatory authority of the listing venue.

**Article 31** The Company may repurchase its shares in one of the following ways upon the approval of the relevant competent authorities:

- (I) making an offer of repurchase to all its shareholders on a pro rata basis;
- (II) repurchasing shares through public trading on a stock exchange;
- (III) repurchasing by an off-market agreement; and
- (IV) other ways as approved by laws, regulations and the securities regulatory authority of the listing venue.

**Article 32** When repurchasing shares by means of an off-market agreement, the Company must obtain prior approval by the shareholders at a general meeting in the manner stipulated in the Articles of Association. By obtaining prior approval by the shareholders at a general meeting in the same manner, the Company may terminate or vary any agreement which has been so entered into, or waive any rights thereunder.

An agreement for share repurchase referred to in the preceding paragraph includes (but is not limited to) an agreement to become obligated to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign an agreement for the repurchase of its shares or any right stipulated in such an agreement.

Where the Company is entitled to repurchase redeemable shares, in case of a repurchase other than through the market or by tender, the price shall not exceed a maximum price, while in case of a repurchase by tender, tenders shall be made available to all shareholders under the same conditions.

**Article 33** After the Company repurchases the shares in accordance with items (I), (II) and (IV) of Article 30 of the Articles of Association, the Company shall transfer or cancel such portion of shares within the period prescribed by the laws and administrative regulations. If under the circumstance mentioned in item (I), cancellation shall take place within ten days after the date of repurchase. If under the circumstance mentioned in item (II) or (IV), transfer or cancellation shall take place within six months. The shares purchased by the Company in accordance with item (III) of Article 30 shall not exceed 5% of the total issued shares of the Company, and shall be transferred to its employees within one year. Funds financing the repurchase shall be made out of the profits after tax of the Company.

If the Company transfers or cancels the shares as a result of share repurchase, it shall apply for registration of the change to the registered capital with the original company registration authority and issue a related announcement. The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital.

**Article 34** Unless the Company is in the course of liquidation, the Company must comply with the following provisions for the purposes of repurchasing its shares in issue:

- (I) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or proceeds of a new issuance of shares made for that purpose;
- (II) where the Company repurchases the shares at a premium to its par value, payment up to the par value may be made out of the book balance of the distributable profits of the Company or the proceeds of a new issuance of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (1) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (2) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book balance of the distributable profits of the Company or the proceeds of a new issuance of shares made for that purpose, provided that the amount paid out of the proceeds of the new issuance shall not exceed the aggregate amount of premiums received by the Company on the issuance of the shares repurchased nor shall it exceed the amount of the Company's premium account (or capital reserve account) (including the premiums from the new issuance) at the time of the repurchase;
- (III) payments by the Company for the following purposes shall be made out of the Company's distributable profits:
  - (1) for acquisition of the right to repurchase its own shares;
  - (2) for variation of any contract for the repurchase of its shares;
  - (3) for release of its obligations under any contract for the repurchase of shares;
- (IV) after the aggregate par value of the cancelled shares is reduced from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the premium account (or capital reserve account) of the Company.

**CHAPTER 5: FINANCIAL ASSISTANCE  
FOR THE PURCHASE OF THE COMPANY'S SHARES**

**Article 35** The Company or its subsidiaries shall not, at any time, provide any financial assistance in any form to a person who acquires or proposes to acquire shares of the Company. Such aforesaid person who acquires or proposes to acquire shares of the Company includes any person who directly or indirectly incurs any obligation as a result of acquisition of shares of the Company.

The Company or its subsidiaries shall not, at any time, provide any financial assistance in any form to the aforesaid obligor for the purposes of reducing or releasing the obligations assumed by such person.

This article shall not apply to the circumstances as specified in Article 37 of this chapter.

**Article 36** "Financial assistance" as referred to in this chapter includes (but is not limited to) the following:

- (I) gift;
- (II) guarantee (including assumption of liability by the guarantor or provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation due to the Company's own default), or release or waiver of any right;
- (III) provision of loans or any other agreement under which the obligations of the Company are fulfilled before those of another party, or changes to parties under such loans or agreement, or the assignment of rights under such loan or agreement; and
- (IV) any other form of financial assistance given by the Company when it is insolvent or has no net assets or when its net assets will thereby be reduced to a material extent.

"Assumption of obligations" referred to in this chapter includes the assumption by any obligor of obligations by entering into a contract or making arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by such obligor or jointly with other persons) or by any other means which results in a change in his/her/its financial position.

**Article 37** The following actions shall not be deemed to be those prohibited under Article 35 of this chapter:

- (I) the provision of financial assistance by the Company is given in good faith in the interests of the Company, the principal purpose of which is not for acquisition of shares in the Company, or such financial assistance is given as an incidental part of a master plan of the Company;
- (II) the Company legally distributes its assets by way of dividend;
- (III) dividends are distributed in the form of shares;
- (IV) reduction of registered capital, shares repurchase or adjustments to the shareholding structure of the Company are effected in accordance with the Articles of Association;
- (V) the Company provides loans within its business scope over the ordinary course of its business (provided that the net assets of the Company are not thereby reduced, or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); or
- (VI) the Company makes contribution to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced, or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## **CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 38** 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 *Special Regulations*, the securities regulatory authority and the stock exchange of the venue where the shares are listed;

The Overseas Listed Foreign 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 and local practices governing registration and deposit of securities. During the period when the H 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 H 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, the *Special Regulations* 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 arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct an open hearing and to publish its award. Such arbitration shall be final and conclusive.
- (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 39** 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 40** The Company shall keep a 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, unless there is evidence to the contrary.

All acts or transfers of Overseas Listed Foreign Shares shall be registered on the register of shareholders for the holders of Overseas Listed Foreign 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 41** The Company may, in accordance with the memorandum of understanding and agreement made by the securities regulatory authority and other competent authorities of the State Council with overseas securities regulatory organizations, maintain the register of shareholders for the holders of Overseas Listed Foreign Shares overseas and appoint an overseas agent to manage such register of shareholders. The register of shareholders for the holders of Overseas Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate register of shareholders for the holders of Overseas Listed Foreign Shares shall be maintained at the Company's domicile. The appointed overseas agent shall ensure consistency between the original and the duplicate register of shareholders for the holders of Overseas Listed Foreign Shares at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for the holders of Overseas Listed Foreign Shares, the original shall prevail.

**Article 42** The Company shall maintain a complete register of shareholders.

Such register of shareholders shall comprise the following parts:

- (I) the register of shareholders which is maintained at the Company's domicile (other than those registers of shareholders that are described in items (II) and (III) of this article);
- (II) the register of shareholders for the holders of Overseas Listed Foreign Shares of the Company which is maintained in the same place as the overseas stock exchange where the shares are listed; and
- (III) the registers of shareholders which are maintained in such other places as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 43** Different parts of the register of shareholders shall not overlap. No transfer of Shares registered in any part of the register of shareholders shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Amendments or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where each part of such register of shareholders is maintained.

**Article 44** All Overseas Listed Foreign Shares listed in Hong Kong 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 instrument of transfer without producing any reason therefor:

- (I) a fee of HK\$2.50 per instrument of transfer or any maximum fees as stipulated by the Stock Exchange at that time has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (II) the instrument of transfer only relates to Overseas Listed Foreign Shares listed in Hong Kong;
- (III) the stamp duty which is payable on the instrument 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 45** The transfer of the Overseas Listed Foreign Shares listed in Hong Kong shall be effected by instruments 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 instruments 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 instruments 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 46** No registration of alternation in the register of shareholders due to transfer of shares is allowed within thirty days before the shareholders' general meeting or within five days before the record date of the distribution of dividend of the Company. This article is not applicable to the registration of alternation in the register of shareholders arising from the issuance of new share capital by the Company according to Article 23 of these Articles.

**Article 47** When the Company convenes a general meeting, distributes dividends, enters into liquidation and engages in other actions that involve determination of ownership of shares, the board of directors shall specify a date for determining ownership of shares. Shareholders named in the register of shareholders at the close of the date for determining of ownership of shares shall be the shareholders of the Company.

**Article 48** Any person that objects to the register of shareholders and claims to be entitled to have his/her/its name (title) entered in the register of shareholders, or his/her/its name (title) removed from the register of shareholders, may apply to a court of competent jurisdiction for rectification of such register of shareholders.

**Article 49** Any person who is a registered shareholder or who requests his/her/its name be entered in the register of shareholders may, if his/her/its share certificate (the "**original certificate**") is lost, apply to the Company for a replacement certificate in respect of such shares (the "**Relevant Shares**").

Where a holder of Domestic Shares loses his/her/its share certificate, a replacement certificate, if applied for, shall be dealt with in accordance with the *Company Law*.

Where a holder of Overseas Listed Foreign Shares loses his/her/its share certificate, a replacement certificate, if applied for, may be dealt with in accordance with the law of the place where the original register of shareholders for the holders of Overseas Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

Where a holder of Overseas Listed Foreign Shares of a company listed in Hong Kong loses his/her/its share certificate, issuance of a replacement certificate, if applied for, shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds of the application made by such applicant, and the circumstances and evidence of the loss; and declaring that no other person is entitled to have his/her/its name entered in the register of shareholders in respect of the relevant shares.
- (II) Before determining to issue a replacement certificate, the Company does not received any declaration made by any person other than the applicant declaring that his/her/its name shall be entered into the register of shareholders in respect of such shares.

- (III) If the Company determines to issue a replacement certificate, an announcement of its intention to do so shall be published in such newspapers as may be prescribed by the board of directors, and at least once every thirty days within a period of ninety consecutive days.
- (IV) The Company shall, prior to announcing its intention to issue a replacement certificate, deliver a copy of the announcement to be published to the stock exchange where its shares are listed, and may publish such announcement upon receipt of confirmation from such stock exchange that the announcement has been exhibited in the premises of the stock exchange. Such announcement shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such shareholder a copy of the announcement to be published.

- (V) If, upon expiration of the 90-day period for such announcement and exhibit referred to in items (III) and (IV) of this article, the Company has not received any objections from any person in respect of the issuance of the replacement certificate, it may issue a replacement certificate to the applicant pursuant to his application.
- (VI) Where the Company issues a replacement certificate pursuant to this article, it shall forthwith cancel the original share certificate and enter the cancellation of the original share certificate and issuance of a replacement certificate in the register of shareholders accordingly.
- (VII) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement certificate shall be borne by the applicant. The Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant for such expenses.

Where the Company is granted the power to issue warrants to bearers, no new warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original warrant has been destroyed.

**Article 50** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser who obtains the aforementioned replacement certificate or a shareholder who thereafter registers as the owner of such shares (provided that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 51** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement certificate unless the claimant is able to prove that the Company has acted fraudulently.

## CHAPTER 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS

**Article 52** 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 and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. Shareholders of various classes of the Company shall enjoy that same rights for any distribution by way of dividend or otherwise.

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 53** The ordinary 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 attend or appoint proxies to attend general meetings and to exercise the 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 shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. the right to obtain a copy of the Articles of Association, subject to payment of costs;
  2. the right to inspect and copy, subject to payment of a reasonable fee:
    - (1) the register of all shareholders;
    - (2) personal particulars of directors, supervisors, general manager and other senior management of the Company, including:
      - (a) present and former name and alias;

- (b) principal address (place of residence);
  - (c) nationality;
  - (d) full-time jobs and all other part-time jobs and positions;
  - (e) identification documents and the numbers thereof;
- (3) the status of the Company's share capital;
  - (4) the latest audited financial report of the Company, as well as reports of the board of directors, auditors and supervisory committee;
  - (5) special resolutions at any general meeting of the Company;
  - (6) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
  - (7) a copy of the latest annual return filed with the State Administration for Industry and Commerce of the PRC or other competent authorities; and
  - (8) minutes of the general meetings (which shall only be available for inspection by the shareholders);

The Company shall make available the documents mentioned in items (1) to (8) above (save for item (2)) and other applicable documents at Company's Hong Kong address for free-of-charge inspection by the public and the holders of Overseas Listed Foreign Shares in accordance with requirements of the Listing Rules.

A shareholder requesting for inspection of information or access to materials referred to in the preceding paragraph shall produce to the Company written documents evidencing the class and number of shares of the Company that such shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder. If the information to be inspected and photocopied involves trade secrets or inside information of the Company, the Company may refuse to provide the same to the extent as permitted by the applicable laws.

- (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) other rights conferred by laws, administrative regulations and the Articles of Association.

**Article 54** If the content of a resolution at a general meeting or the board of directors violates any laws or administrative regulations, a shareholder has the right to file a petition with the court to invalidate such resolution.

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.

**Article 55** If a director or any senior management has violated any laws, 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 court. If the supervisory committee has violated the laws, 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 shareholder(s) may request in writing the board of directors to initiate proceedings in the 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 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 court according to the provisions of the two preceding paragraphs.

**Article 56** If a director or any senior management violates laws, 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 57** The ordinary shareholders of the Company shall assume the following obligations:

- (I) to comply with the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

- (III) to assume liability of the Company to the extent of the number of shares so subscribed;
- (IV) not to surrender the shares unless required by laws or administrative regulations;
- (V) 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. Where any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for the damages according to the law.

Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of the shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

- (VI) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders shall not bear any liability for further contribution to the share capital other than the conditions agreed to by the subscribers of the relevant shares on subscription.

**Article 58** In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange where the shares of the Company are listed, a controlling shareholder (as defined in Article 59 of the Articles of Association), when exercising the shareholders' rights, shall not exercise his/her/its voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (I) to relieve a director or supervisor of his/her duty to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (III) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save for the restructuring of the Company approved by the shareholders at a general meeting in accordance with the Articles of Association.

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.

**Article 59** For the purpose of the foregoing article, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (I) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;
- (II) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
- (III) a person who, acting alone or in concert with others, holds 30% or more of the outstanding shares of the Company;
- (IV) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

The “**acting in concert with others**” referred to in this article means that two or more persons reach an agreement (whether in oral or writing) to acquire the voting rights of the Company for the purposes of attaining or consolidating the control of the Company through any of such persons.

## **CHAPTER 8: GENERAL MEETINGS**

**Article 60** The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

**Article 61** The general meeting shall have the following functions and powers:

- (I) to determine business policies and investment plans of the Company;
- (II) to elect and replace directors and to determine matters relating to the remuneration of such directors;

- (III) to elect and replace supervisors who are not staff representatives and to determine matters relating to the remuneration of such supervisors;
- (IV) to consider and approve the reports of the board of directors;
- (V) to consider and approve the reports of the supervisory committee;
- (VI) to consider and approve the proposed annual financial budget and final accounts of the Company;
- (VII) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (VIII) to determine the increase or reduction of the registered capital of the Company;
- (IX) to determine matters such as merger, division, dissolution, liquidation of the Company, or alteration of corporate form;
- (X) to determine the issue of debentures or any other types of securities or warrants or other securities and the listing plans by the Company;
- (XI) to determine the appointment, dismissal or non-reappointment of the accounting firm of the Company;
- (XII) to amend the Articles of Association;
- (XIII) 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 to be provided to anyone whose gearing ratio exceeds 70%;
  4. any single guarantee to be provided in the amount exceeding 10% of the latest audited net assets;
  5. any guarantee to be provided to any shareholder, de facto controller and other connected party of the Company; and
  6. 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 listing rules of the stock exchange at the listing venue where the shares of the Company are listed.

- (XIV) 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;
- (XV) to consider share incentive plans;
- (XVI) to consider and approve the resolutions proposed by the shareholders who represent 3% (inclusive) or more voting rights of the company;
- (XVII) 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;
- (XVIII) to consider and approve connected transactions that are subject to consideration and approval at the general meeting as required by the laws, regulations, the listing rules of the listing venue where the shares of the Company are listed;
- (XIX) 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, regulations, and mandatory requirements under the listing rules of the listing venue are not violated.

To regulate the business operation and ensure a fully effective role of general meetings, the board of directors formulates and attaches the rules of procedures for general meetings to the Articles of Association, subject to approval at a general meeting. 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 along with the details specified under such mandate.

**Article 62** Without prior approval 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 63** 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 board of directors shall convene an extraordinary general meeting within two months upon 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 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% (inclusive) or more of the outstanding voting shares of the Company request(s) in writing for the convening of an extraordinary general meeting;
- (IV) whenever the board of directors deems it necessary or the supervisory committee requests so;
- (V) other conditions as required under the laws, administrative regulations, departmental rules or the Articles of Association.

**Article 64** The venue to hold a general meeting of the Company is: the domicile of the Company or at such other venue as is specified in the notice convening the general meeting.

A venue shall be set for the general meeting which shall be convened on-site. Without violation against the laws, regulations and mandatory provisions of the listing rules of the listing venue, the Company may also facilitate the participation of the shareholders in such general meeting. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

Subject to the lawfulness and effectiveness of general meetings, the Company shall facilitate the participation of the shareholders in such general meetings by various means and ways, with priority first given to the modern information technology means, such as an online voting platform, etc.

**Article 65** When the Company convenes a general meeting, a written notice shall be given to notify all shareholders whose names appear in the register of shareholders 45 days before the date of such meeting, specifying the matters to be considered at, and the date and place of, the meeting. A shareholder who intends to attend such general meeting shall deliver to the Company his written reply concerning his/her/its attendance at such meeting 20 days before the date of the meeting.

To calculate the days of notification, the date of the meeting and the date of the notice so served shall not be included.

**Article 66** When the Company convenes a general meeting, the board of directors, the supervisory committee and the shareholders either individually or collectively holding 3% or more of the shares of the Company are entitled to submit resolutions to the Company.

When the Company convenes a general meeting, the shareholders either individually or collectively holding 3% or more of the shares of the Company have the right to submit special resolutions in writing to the board of directors of the Company, and the board of directors shall serve notices to other shareholders upon receipt of such special resolutions. The Company shall include such special resolutions into the agenda for such general meeting if they are matters falling within the functions and powers of the general meeting.

The special resolutions raised by shareholders shall satisfy the following requirements:

- (I) the contents shall fall within the functions and powers of the general meeting without violating the provisions under the laws and regulations;
- (II) it shall contain definite subjects for discussion and specific matters to be resolved; and
- (III) it shall be delivered or served on the board of directors in writing ten days prior to the date of the general meeting

**Article 67** The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one-half of the total voting shares of the Company, the Company may hold such general meeting; if not, then the Company shall, within five days, notify the shareholders of the matters to be considered at, and the place and date for, the meeting by way of public announcement. The Company may then hold such general meeting after publication of such announcement.

An extraordinary general meeting shall not determine any matter not stated in the notice thereof.

**Article 68** A notice of a general meeting of the Company shall satisfy the following requirements:

- (I) it shall be given in written form;
- (II) it shall specify the place, date and time of the meeting;
- (III) it shall state the matters and resolutions to be discussed at the meeting;

- (IV) it shall specify the record date for determining the shareholders who are entitled to attend the general meeting;
- (V) it shall provide such information and explanation as are necessary for the shareholders to make an informed decision on the resolution(s) put before them. This principle includes (but is not limited to) provision of the specific terms and contracts, if any, of the proposed transaction, alongside proper explanations about the cause and effect of such resolution(s), where the Company proposes merger, share repurchase, capital reorganization, or restructuring in any other way;
- (VI) in the event that any director, supervisor and other senior management have material interests in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any director, supervisor and other senior management as a shareholder in a manner different from how they affect the same class of other shareholders, the difference shall be explained;
- (VII) it shall contain the full text of any special resolution to be proposed at the meeting for approval;
- (VIII) it shall contain a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his/her/its behalf and that such proxy does not need to be a shareholder;
- (IX) it shall specify the time and place for delivering proxy forms for the relevant meeting;
- (X) it shall specify the name and telephone number of the contact person for the meeting.

**Article 69** A notice of a general meeting shall be served to the shareholders (whether or not entitled to vote at such general meeting), by personal delivery or prepaid mail to the address of the shareholders as shown in the register of shareholders. Notices of general meetings of the Company can be given or provided by way of public announcement (including publication on the website of the Company) or other applicable means to the extent permitted under laws and regulations and the listing rules of the listing venue where the shares of the Company are listed. For holders of Domestic Shares, notices of general meetings may also be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by competent authorities such as the securities regulatory authority of the State Council within a period between 45 days and 50 days before the date of the meeting. Upon publication of such announcement, the holders of Domestic Shares shall be deemed to have received such notice of the relevant general meeting.

**Article 70** The accidental omission to give a notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting and the resolution(s) adopted thereat.

**Article 71** 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 governing listing of securities or other securities laws and 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 or class meeting of the shareholders. 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 72** 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 73** 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 74** 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 75** 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 76** 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 unless there is a proper reason.

**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** 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 79** 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.

The board of directors, independent non-executive directors and shareholders who meet the relevant conditions may 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. 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 listing 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.

Where any shareholder, under applicable laws, regulations and the listing rules of the stock exchange where the shares of the Company are listed, is required to abstain from voting on any particular resolution or restricted to vote only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 80** Excepts where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, voting at a general meeting must be taken by poll.

**Article 81** A poll demanded on such matters as the election of the chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll to be taken shall still be deemed to be a resolution of that meeting.

**Article 82** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his/her votes in the same way.

**Article 83** In the case of equal affirmative and dissenting votes, whether on a show of hands or on a poll, the chairman of the meeting shall have cast one more vote.

**Article 84** 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 budgets and final accounts, balance sheets and profit and loss accounts and other financial statements of the Company; and
- (V) annual reports of the Company;
- (VI) the Company's employment, dismissal or non-reappointment of accounting firms;
- (VII) the business policies and investment plans of the Company; and
- (VIII) matters other than those which require the approval by way of special resolution in accordance with the laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association.

**Article 85** 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;
- (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 at a general meeting in accordance with the requirements under Item 1 of Paragraph (XIII) of Article 61 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, regulations, the listing rules of the listing venue 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 86** 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 or a class general meeting. The board of directors shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting or the class 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 or a class 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 a class 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 or a class 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 or a class 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 or a class 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 any resolution approved at the general meeting, 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 due for payment to the defaulting directors.

**Article 87** A general meeting shall be convened and presided over by the chairman of the board of directors. Where the chairman of the board of directors is unable to attend such a meeting for any reason, the board of directors may designate a director of the Company to convene and preside over the meeting on his/her behalf. Where no chairman is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholder (whether in person or by proxy) holding the largest number of voting shares at the meeting shall preside over such meeting.

**Article 88** The chairman of the meeting shall be responsible for determining whether a resolution has been passed at the general meeting. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes book.

**Article 89** 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 have the votes counted. 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 have the votes counted.

**Article 90** 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 91** 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 9: SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 92** Shareholders who hold different classes of shares shall be classified as class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

Where the equity capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.

**Article 93** If the Company proposes to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of special resolution at the general meeting and at a separate general meeting convened by the affected class shareholders under Articles 95 to 99.

**Article 94** The following circumstances shall be deemed to be variation or abrogation of the rights of certain class shareholders:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting rights or rights to dividends or privileges equal or superior to those of shares of that class;
- (II) to exchange all or part of the shares of that class for shares of another class, or to exchange all or part of the shares of another class for shares of that class or grant the rights to such conversions;
- (III) to revoke or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (IV) to reduce or revoke preferential rights attached to shares of that class to receive dividends or the distribution of assets in the event that the Company is liquidated;
- (V) to add, revoke or reduce share conversion rights, options, voting rights, transfer, or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (VI) to revoke or reduce rights to receive payments payable by the Company in particular currencies attached to shares of that class;
- (VII) to create a new class of shares having voting right, right to dividends or other privileges equal or superior to those of the shares of that class;
- (VIII) to restrict the transfer or ownership of shares of that class or to increase additional restrictions attaching thereto;
- (IX) to issue rights to subscribe for, or to convert into, shares of that class or another class;
- (X) to increase the rights or privileges of shares of another class;
- (XI) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between various class shareholders; and

(XII) to vary or abrogate any provision of this chapter.

**Article 95** The affected class shareholders, regardless of formerly having the right to vote at general meetings, have the right to vote at class meetings in respect of matters concerning items (II) to (VIII), (XI) and (XII) of Article 94, but the interested shareholders shall not be entitled to vote at such class meetings.

The interested shareholders referred to in the preceding paragraph have the following meanings:

- (I) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 31 of these Articles, “**interested shareholder**” shall refer to the controlling shareholder as defined in Article 59 of these Articles;
- (II) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 31 of these Articles, “**interested shareholder**” shall refer to the shareholder to which the proposed agreement relates;
- (III) In the case of a restructuring of the Company, “**interested shareholder**” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

**Article 96** Resolutions at a class meeting shall be passed by votes representing more than two-thirds of the voting rights of class shareholders attending the class meeting who are entitled to vote thereat according to Article 95.

**Article 97** When the Company convenes a class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five days give the shareholders further notice of the matters to be considered, the date and the place, for the class meeting by way of public announcement. The Company may then hold the class meeting after publication of such announcement.

**Article 98** Notices of class meetings need only be served on the shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of the Articles of Association relating to the manner for convening general meetings are also applicable to class meetings.

**Article 99** Apart from the holders of other classes of shares, the holders of the Domestic Shares and holders of Overseas Listed Foreign Shares shall be deemed to be different class shareholders.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (I) where upon the approval by special resolution at a general meeting, either separately or concurrently once every 12 months, the Company issues Domestic Shares or Overseas Listed Foreign Shares separately or concurrently at each interval of twelve months, and the number of the proposed Domestic Shares and Overseas Listed Foreign Shares does not exceed 20% of the respective outstanding shares of such class;
- (II) where the Company's plan to issue Domestic Shares and Overseas Listed Foreign Shares at the time of its incorporation is completed within 15 months from the date of approval of the securities regulatory authority and competent regulatory authorities of the State Council; or
- (III) where the shares held by the domestic shareholders may be transferred to overseas investors, and such transferred shares may be listed or trade on an overseas stock exchange, subject to the approval of the securities regulatory authority and competent regulatory authorities of the State Council.

## **CHAPTER 10: 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 Chapter 10 of the Articles of Association. Directors shall possess qualifications as required by law.

The board of directors of the Company shall be established, comprising 12 directors, wherein one person shall be the chairman, and at least three are independent non-executive directors and such number shall be no less than one third of the board of directors as a whole. Among independent non-executive directors, at least one person shall possess proper professional qualifications or proper accounting or finance-related management expertise, and one independent non-executive director shall usually reside in Hong Kong.

**Article 101** Directors shall be elected at the general meeting with a term of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term.

The chairman shall be elected and removed by more than one half of all directors. The chairman shall serve a term of three years and may be re-elected upon the expiration of his/her term.

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 written notices specifying the intention to nominate a person for election as a director and acceptance of such nomination by such person shall be sent to the Company no earlier than the day after dispatch of the notice of the general meeting and no later than seven days prior to the date of such meeting. The minimum length of period during the nomination and acceptance of such nomination shall not be less than seven days.

**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, his/her obligations to keep trade secrets of the Company confidential shall survive from his/her resignation or termination of his term unless such information becomes public knowledge.

**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.

Subject to the relevant laws and administrative regulations and the Listing Rules, the general meeting shall remove any director by ordinary resolution before the expiration of his/her term of service (but without prejudice to any claim for damages under any contract).

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 may 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, regulations and the listing 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 listing rules of the stock exchange where the shares of the Company are listed;
- (II) meeting the independence requirements as stated in the listing rules of the stock exchange at the listing venue 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, listing 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 shall not be dismissed without proper reasons before the term of their office expires. In case of dismissal 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 listing rules of the stock exchange where the shares of the Company are listed shall apply.

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

**Article 113** 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 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;

- (IV) to formulate the annual final financial budgets and final accounts of the Company;
- (V) to formulate the profit distribution plans and loss recovery plans of the Company;
- (VI) 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;
- (VII) 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;
- (VIII) to determine the Company's internal management structure and the establishment or discontinuance of the Company's branches and other sub-branches;
- (IX) to elect the chairman of the Company, or to appoint or dismiss the general manager of the Company;
- (X) 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;
- (XI) to appoint or dismiss a deputy general manager, chief accountant, chief economist, and chief engineer of the Company pursuant to nominations by the general manager, and to determine their remuneration, incentive and punishment;
- (XII) to formulate the basic management system of the Company;
- (XIII) to propose plans for amendments to the Articles of Association;
- (XIV) to formulate the share incentive scheme of the Company;
- (XV) to deal with disclosures of information regarding the Company;
- (XVI) to determine the establishment of special committees;
- (XVII) 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;
- (XVIII) to propose the appointment or replacement of the accounting firm of the Company for audit purposes at a general meeting;
- (XIX) 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;

- (XX) 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;
- (XXI) to provide external guarantees of the Company which are necessary for resolution at a general meeting in accordance with the Articles of Association;
- (XXII) subject to the scope approved at the general meeting and as permitted under the listing rules of the listing venue 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;
- (XXIII) other powers as stipulated by laws, regulations and the listing rules of the stock exchange at the listing venue 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 (VI), (VII) and (XIII) 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.

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 114** 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.

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 director that has appropriate professional qualification recognized by the listing 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.

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.

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).

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.

**Article 115** Where the Company intends to invest in any other enterprise or provide guarantees for others, it shall, unless otherwise provided by laws, regulations, the listing rules of the stock exchange at the listing venue 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 116** 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 117** 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, regulations and the Articles of Association.

**Article 118** If the chairman is unable to or fail to perform his/her duties, more than half of the directors will nominate a director to perform the duties.

**Article 119** Meetings of the board of directors shall be held at least four times every year, which may be held once every quarter, and shall be convened by the chairman of the board of directors. Notices of such meetings shall be delivered to all of the directors 14 days prior to the dates of such meetings. An agenda and accompanying documents for the meetings of the board of directors shall be delivered in full to all directors in a timely manner and at least three days before the dates of the meetings of the board of directors or its committees to be held (or other time as agreed). The regular meetings of the board of director 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.

**Article 120** Notices of 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 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 121** Meetings of the board of directors shall be held only if more than half of the directors (including directors appointed to be present according to the rules) are present.

Each director shall have one vote. Save for connected transactions as required under Article 123 of the Articles of Association and other matters as required under Items (VI), (VII) and (XIII) of Paragraph 1 of Article 113 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, 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 122** 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 123** 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 124** 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 125** 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).

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 126** 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 Article 113 of the Articles of Association.

**Article 127** 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 128** 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 11: SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY**

**Article 129** 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 130** The secretary to the board of directors of the Company 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, regulations, rules, listing rules of the stock exchange, 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, regulations, rules, listing rules and other regulations of the stock exchange, and the Articles of Association of the Company.

**Article 131** 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 12: GENERAL MANAGER OF THE COMPANY**

**Article 132** 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 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 133** 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 and chief engineer 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 134** The general manager shall attend meetings of the board of directors.

**Article 135** 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 136** The general manager shall formulate his/her terms of reference in detail, which shall be implemented upon approval by the board of directors.

**Article 137** The general manager, when performing his/her functions and powers, shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association.

### **CHAPTER 13: THE SUPERVISORY COMMITTEE**

**Article 138** The Company shall establish a supervisory committee.

**Article 139** 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 two thirds (inclusive) or more of the members of the supervisory committee.

**Article 140** 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 141** Any director, general manager and other senior management of the Company shall not act concurrently as a supervisor.

**Article 142** 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.

**Article 143** 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 inspect financial information such as financial reports, business reports and profit distribution plans to be submitted to the general meeting and, in case of doubts, professionals such as certified accountants and certified auditors may be engaged in the name of the Company to provide assistance;
- (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 exercise other functions and powers provided by the Articles of Association.

Supervisors shall be present at meetings of the board of directors.

**Article 144** 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 two thirds (inclusive) of all supervisors.

**Article 145** 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 146** 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 147** 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 148** 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 149** 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.

**CHAPTER 14: QUALIFICATIONS AND  
OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND  
OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 150** 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, where less than five years have lapsed since the sentence was served, 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;
- (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;
- (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.

**Article 151** The validity of the conduct of any director, general manager and other senior management of the Company on behalf of the Company as against a bona fide third party will not be affected by any non-compliance in his/her appointment, election or qualification.

**Article 152** In addition to the obligations required by laws, administrative regulations or the listing rules of the stock exchange where the shares of the Company are listed, any director, supervisors, general manager and other senior management of the Company shall assume the following duties for the benefits of each shareholder when exercising the functions and powers of the Company entrusted to him/her:

- (I) not to cause the Company to exceed the business scope stipulated in its business license;
- (II) to act honestly and in the best interests of the Company;
- (III) not to expropriate any property of the Company in any way, including (but not limited to) opportunities that benefit the Company;
- (IV) not to expropriate the individual rights of the shareholders, including (but not limited to) rights to distribution and voting rights except for the restructuring of the Company which has been submitted at the general meeting for approval in accordance with the Articles of Association.

**Article 153** Any director, supervisor, general manager and other senior management of the Company owes a duty, in exercising his/her rights or discharging his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

**Article 154** Any director, supervisor, general manager and other senior management of the Company shall exercise his/her powers or perform his/her duties in accordance with the fiduciary principle, and shall not put himself/herself in a position where a conflict between his/her duty and his/her interest may arise. This principle includes (but is not limited to) discharging the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to act within the scope of his/her powers and not to exceed such powers;

- (III) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another, and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of the shareholders given at a general meeting, not to delegate the exercise of his/her discretion to others;
- (IV) to treat the shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given at a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to utilize the property of the Company for his/her own gains, without the informed consent of the shareholders given at a general meeting;
- (VII) not to exploit his/her position to accept bribes or other illegal income or expropriate the fund of the Company or embezzle the property of the Company in any way, including (but not limited to) opportunities that benefit the Company;
- (VIII) not to accept commissions in connection with the transactions of the Company, without the informed consent of the shareholders given at a general meeting;
- (IX) to comply with the Articles of Association, to perform his/her official duties faithfully, to protect the interests of the Company and not to exploit his/her position and power in the Company to advance his/her own interests;
- (X) not to compete against the Company in any way, without the informed consent of the shareholders given at a general meeting; not to prejudice the interests of the Company by exploiting associated relationships;
- (XI) not to misappropriate the funds of the Company or lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his/her own name or in the any other name, or not to use such assets of the Company to provide guarantees over the debts of a shareholder of the Company or any other personal liabilities; and
- (XII) not to release any confidential information which he/she has obtained during his/her term of office, without the informed consent of the shareholders given at a general meeting; nor shall he/she use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (1) disclosure is required by law;
  - (2) it is required for the public interest;

- (3) it is required for the interests of the relevant director, supervisor, general manager or other senior management.

**Article 155** Each director, supervisor, general manager and other senior management of the Company shall not direct the following persons or institutions (“**Related Party(ies)**”) to act in a manner which he/she is prohibited from so acting:

- (I) the spouse or minor child of the director, supervisor, general manager or other senior management of the Company;
- (II) the trustee of the director, supervisor, general manager or other senior management of the Company or of any person described in Item (I) of this article;
- (III) the partner of the director, supervisor, general manager or other senior management of the Company or any person referred to in Items (I) and (II) of this article;
- (IV) a company over which the director, supervisor, general manager or other senior management of the Company, whether alone or jointly with the persons referred to in Items (I), (II) and (III) of this article or another director, supervisor, general manager and other senior management of the Company, has de facto control; or
- (V) the directors, supervisors, general managers and other senior management of a company which is being controlled in the manner set out in Item (IV).

**Article 156** The fiduciary duties of the directors, supervisors, general managers and other senior management of the Company do not necessarily cease following termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company shall survive the termination of their tenure. Other duties may continue for such period as the principle of fairness may require, depending on the time lapse between the act concerned and the termination, as well as the circumstances and the terms under which their relationship with the Company is terminated.

**Article 157** Any director, supervisor, general manager and other senior management of the Company may be relieved from liabilities for specific breaches of his/her duty with the informed consent of the shareholders given at a general meeting, save for those as required under Article 58 of the Articles of Association.

**Article 158** Where any director, supervisor, general manager or other senior management of the Company is, whether directly or indirectly, materially interested in a contract, transaction, arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, whether or not the relevant matters therefor are subject to the approval of the board of directors.

A director shall not vote on any resolution at a meeting of the board of directors approving any contract, transaction or arrangement or any other resolution in which he/she or any of his/her close associates (as defined in the applicable securities listing rules effective from time to time) has a material interest nor shall he/she be counted in determining whether the quorum is present at such meeting.

Unless the interested directors, supervisors, general manager and other senior management disclosed his/her interest to the board of directors in accordance with Paragraph 2 of this article, and the board of directors approves it at the meeting where such director, supervisor, general manager or any other senior management of the Company is not counted in the quorum and abstains from voting, the Company shall be entitled to revoke the contract, transaction or arrangement except the counterparty is a bona fide principal acting without knowledge of breach of the obligations of directors, supervisors, general manager and other senior management.

Where any Related Party or associate of any director, supervisor, general manager and other senior management of the Company has interest in a contract, transaction and arrangement, such director, supervisor, general manager and other senior management shall also be considered as the interested party.

**Article 159** In the event that any director, supervisor, general manager and other senior management of the Company gives a written notice to the board of directors before the Company considers entering into the contract, transaction or arrangement for the first time, stating that due to the contents of the notice, he/she has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, general manager and other senior management shall be deemed, for the purposes of the preceding articles of this chapter, to have disclosed his/her interest, insofar as attributable to the scope stated in the notice.

**Article 160** The Company shall not pay taxes for any director, supervisor, general manager or other senior management in any manner.

**Article 161** The Company shall not directly or indirectly make a loan to or provide any guarantee for any director, supervisor, general manager or other senior management of the Company or its parent company or any of their respective Related Parties.

The preceding paragraph shall not apply to the following circumstances:

- (I) the provision by the Company of a loan to any subsidiary or of loan guarantees to any subsidiary;
- (II) the provision by the Company of a loan or a loan guarantee or any other funds available to any director, supervisor, general manager and other senior management of the Company to meet expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders at a general meeting; or

- (III) if the ordinary business scope of the Company includes lending of money and providing loan guarantees, the Company may make a loan to or provide a loan guarantee to the relevant director, supervisor, general manager and other senior management or their respective Related Party on normal commercial terms.

**Article 162** Any person who receives funds from a loan which is provided by the Company acting in breach of the preceding article shall, irrespective of the terms of the loan, forthwith repay such funds.

**Article 163** Any loan guarantee that is provided by the Company acting in breach of Item (I) of Article 161 shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) where the lender is not aware of the cases when providing the loans to any Related Party of any director, supervisor, general manager and other senior management of the Company or its parent company;
- (II) where the collateral provided by the Company is legally sold to any bona fide purchaser by the lender.

**Article 164** A “guarantee” referred to in the preceding article of this chapter includes an act whereby a guarantor assumes his/her/its liability or provides any property in order to secure the performance of obligations by an obligor.

**Article 165** In addition to any rights and remedies provided by the laws and administrative regulations, where any director, supervisor, general manager and other senior management of the Company breaches his/her obligations to the Company, the Company shall be entitled to:

- (I) demand such director, supervisor, general manager or other senior management to compensate for losses sustained by the Company as a result of such default;
- (II) rescind any contract or transaction that is entered into between the Company and such director, supervisor, general manager or other senior management, or any contract or transaction between the Company and a third party (where such third party knows or should have known that such director, supervisor, general manager or other senior management representing the Company has breached his/her obligations to the Company);
- (III) demand such director, supervisor, general manager or other senior management to hand over profits made as result of the breach of his/her obligations;
- (IV) recover any monies which should have been received by the Company and which are received by such director, supervisor, general manager or other senior management instead, including (but not limited to) commissions;

- (V) demand repayment of interest earned or which may have been earned by such director, supervisor, general manager or other senior management on monies that should have been paid to the Company;
- (VI) initiate legal proceedings to claim any property arising from the breach of his/her obligations by such director, supervisor, general manager and other senior management.

**Article 166** The Company shall enter into contracts in writing with each director, supervisor and senior management, which at least include the provisions as follows:

- (I) the directors, supervisors and senior management undertake to the Company that they will comply with the *Company Law*, the Listing Rules, the *Special Regulations*, the Articles of Association, the *Codes on Takeovers and Mergers and Share Repurchases*, and other rules formulated by any stock exchange and agree that the Company may enjoy any remedy as provided in the Articles of Association. The contracts and their positions shall not be assigned;
- (II) the directors, supervisors and senior management undertake to the Company that they will comply with and perform their duties to the shareholders according to the Articles of Association;
- (III) the arbitration provisions in Article 213 of the Articles of Association.

**Article 167** The Company shall enter into a contract in writing with a director or supervisor of the Company in connection with his/her emoluments, which shall be subject to with prior approval of the shareholders at a general meeting. The aforesaid emoluments include:

- (I) emoluments in respect of his/her service as director, supervisor or senior management of the Company;
- (II) emoluments in respect of his/her service as director, supervisor or senior management of any subsidiary of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries; and
- (IV) payment by way of compensation for loss of office or his/her retirement.

Except pursuant to the contract mentioned above, no director or supervisor shall initiate proceedings against the Company for anything due to him/her in respect of the matters mentioned in this article.

**Article 168** The contract entered into by and between the Company and its directors and supervisors concerning the emoluments shall provide that in the event that the Company is acquired, such directors and supervisors of the Company shall, subject to prior approval of shareholders at a general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement.

The acquisition of the Company referred to in the preceding paragraph includes any of the following:

- (I) an offer made by any person to all the shareholders;
- (II) an offer made by any person with a view to making the offeror become a controlling shareholder, which shall be stipulated within the meaning of Article 59 of the Articles of Association.

If the relevant director or supervisor fails to comply with the provisions under this article, any sum so received by him/her shall belong to those persons who accept the aforesaid offer by selling their shares. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.

## **CHAPTER 15: FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

**Article 169** 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 170** 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 171** 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 172** 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 Overseas Listed Foreign 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 listing rules of the listing venue 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 173** 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 174** 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 175** The Company shall publish two financial reports each accounting year, namely an interim financial report within sixty days after the end of the first six months of the accounting year and an annual financial report within 120 days after the end of the accounting year.

**Article 176** 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 177** 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 178** 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.

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

**Article 179** 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 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 Overseas Listed Foreign Shares in RMB, and shall pay such amounts in foreign currency within three months following the announcement of dividends distribution. 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 foreign currency to the holders of Overseas Listed Foreign 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 180** 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 181** The Company shall appoint a receiving agent for the holders of Overseas Listed Foreign 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 Foreign 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, 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 Overseas Listed Foreign 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 Overseas Listed Foreign 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 16: APPOINTMENT OF ACCOUNTING FIRM

**Article 182** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the annual report of the Company and review other financial reports of the Company.

The first accounting firm of the Company may be appointed at the founding meeting before the first annual general meeting, and the term of the said accounting firm shall end at conclusion of the first annual general meeting.

If the founding meeting does not exercise its authority specified in the preceding paragraph, such authority shall be exercised by the board of directors.

**Article 183** 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.

**Article 184** The accounting firm appointed by the Company shall have the following rights:

- (I) the right to review to the books, records and vouchers of the Company at any time and the right to require any director, general manager and other senior management of the Company to provide relevant information and make explanations;
- (II) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the accounting firm to perform its duties;
- (III) the right to attend general meetings and to receive all notices of, and other information relating to, any meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 185** If there is a vacancy in the accounting firm, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. During the period during which a vacancy arises, however, if the Company has any other incumbent accounting firm, such accounting firm may continue to act.

**Article 186** 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 187** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined at a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 188** The appointment or removal of an accounting firm by the Company shall be resolved at a general meeting.

Where a resolution at a general meeting is passed to appoint an accounting firm other than an incumbent one, to fill the vacancy in the office of the accounting firm, or to reappoint an accounting firm that is appointed by the board of directors to fill the vacancy or to remove the accounting firm before expiration of the term of office, such matters shall proceed pursuant to the following provisions:

(I) The appointment or removal resolution shall, before a notice of a general meeting is given, be sent to the accounting firm that is proposed to be appointed, or proposing to leave its office, or that leaves its office in the relevant accounting year.

“Leaving” includes leaving by removal, resignation and retirement.

(II) If the accounting firm leaving its office makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall, unless the representations to be received is overdue, take the following measures:

(1) in any notice regarding the adoption of resolutions given to the shareholders, to state the fact of the representations having been made; and

(2) to attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

(III) If the Company fails to send out the representations of the accounting firm in the manner set out in item (2) of this article, such accounting firm may require that the representations be read out at the general meeting, and may make further complaints.

(IV) An accounting firm which is leaving its office shall be entitled to attend the following meetings:

(1) the general meeting at which its term of office shall expire;

(2) the general meeting at which the vacancy caused by its removal shall be filled; and

(3) the general meeting which shall be convened as a result of its resignation,

The accounting firm that leaves its office shall be entitled to receive all notices of, and other information relating to, any such meeting, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of the Company.

**Article 189** Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. 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.

- (I) An accounting firm may resign its office by depositing a resignation notice at the legal address of the Company. Such notice shall become effective on the date of such deposit to the registered office of the Company or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:
  - (1) a statement to the effect that there are no circumstances it considers should be brought to the attention of the shareholders or creditors of the Company; or
  - (2) a statement of any such circumstances that shall be accounted for.
- (II) Where within 14 days upon receipt of a notice referred to in Paragraph (I) of this article, the Company shall send a copy of the notice to the relevant competent authority. If the notice contains a statement referred to Item (2) of Paragraph II of Article 188, a copy of such statement shall be placed at the Company and available to the shareholders for inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder who is entitled to access financial reports of the Company. The addresses of such recipients shall be based on those entered in the register of shareholders. Subject to the laws, administrative regulations and the listing rules of the listing venue 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).
- (III) Where the accounting firm's notice of resignation contains a statement as referred to Item (2) of Paragraph (I) of this article, such accounting firm may require the board of directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignations.

## **CHAPTER 17: INSURANCE**

**Article 190** 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 18: EMPLOYMENT SYSTEM AND LABOUR UNIONS**

**Article 191** 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 192** 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 193** The Company shall endeavor to improve its employee benefits and to continually improve the working environment and living standards of its employees.

**Article 194** The Company shall, pursuant to the relevant national requirements, 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 195** 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 19: MERGER AND DIVISION OF THE COMPANY**

**Article 196** In the event of the merger or division of the Company, a plan shall be presented by the board of directors of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association. The Company shall then go through the relevant approval process. Any shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire his/her/its shares at a fair price. The approval of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.

Such special documents as referred in the preceding paragraph shall be sent by mail to the holders of Overseas Listed Foreign Shares. Subject to the laws, administrative regulations and the listing rules of the listing venue where the shares of the Company are listed, the Company may deliver such special documents by way of announcement (including publication through the website of the Company) or other applicable means.

**Article 197** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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 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 198** 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 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 199** 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 20: DISSOLUTION AND LIQUIDATION OF THE COMPANY

**Article 200** The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (I) the operating period expires;
- (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) the Company is declared bankrupt according to law because it is unable to pay its due debts;
- (V) its business license has been revoked, or it is ordered to close down or is dissolved according to law;
- (VI) 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;
- (VII) other circumstances when the Company should be dissolved in accordance with laws and administrative regulations.

**Article 201** Where the Company is to be dissolved pursuant to items (I) and (II) of the preceding article, a liquidation committee shall be set up within 15 days, the members of which shall be determined by the general meeting by way of ordinary resolution.

Where the Company is to be dissolved pursuant to items (IV) and (V) of the preceding article, the people's court shall, in accordance with the relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to set up a liquidation committee to carry out liquidation.

Where the Company is to be dissolved pursuant to item (V) of the preceding article, the relevant competent authorities shall arrange for the shareholders, relevant authorities and relevant professionals to set up a liquidation committee to carry out liquidation.

**Article 202** Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board of directors shall include a statement in its notice convening a general meeting stating that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its corporate debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution at a general meeting for the liquidation, all functions and powers of the board of directors shall cease immediately.

The liquidation committee shall act in accordance with the instructions of the general meeting to submit a report at least once every year to the general meeting on the income and expenses of the liquidation committee, the business of the Company and the progress of the liquidation, and to present a final report to the general meeting on completion of the liquidation.

**Article 203** 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. 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. 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 204** 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 205** 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 the relevant competent authority for confirmation.

After the resolution on dissolution of the Company is made by the general meeting or the Company is declared to be bankrupt or ordered to be closed according to the law, nobody may dispose the assets of the Company without approval of the liquidation committee.

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 class and 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.

**Article 206** 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.

After the people's court rules the Company bankrupt, the liquidation committee shall pass the liquidation to the people's court.

**Article 207** Upon completion of the liquidation, the liquidation committee should prepare a liquidation report, an income and expenditure statement and financial account books for the liquidation period, and, after verified by an accountant registered in the PRC, submit the same to the general meeting or the relevant competent authorities for confirmation.

Within 30 days from the date of confirmation by the general meeting or the relevant competent authorities, 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.

## **CHAPTER 21: PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

**Article 208** 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 209** Amendment of the Articles of Association, which involves the content of the *Mandatory Provisions*, shall become effective upon receipt of approvals from the competent authorities authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law.

If any amendment to the Articles of Association involves any matters being information required to be disclosed according to laws or regulations, such amendment shall be announced according to the relevant provisions.

## **CHAPTER 22: NOTICES**

**Article 210** Notices of the Company may be given in the following ways:

- (I) by hand;
- (II) by post;
- (III) by facsimile or electronic mail;
- (IV) by posting on websites designated by the Company and the Stock Exchange, subject to laws, administrative regulations and the listing rules of the stock exchange at the listing venue 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.

Unless otherwise provided in the Articles of Association, the notice delivered by the Company to the holders of Overseas Listed Foreign Shares, if delivered by public announcement, the Company shall on the same day submit an electronic version which may be published immediately to Stock Exchange through the electronic uploading system to publish it on the website of the Stock Exchange in accordance with the local listing rules. The announcement shall be published on the website of the Company at the same time, enabling the shareholders to be fully informed and have sufficient time to exercise their rights or act in accordance with the notice.

The holders of Overseas Listed Foreign Shares of the Company may choose to receive corporate communications to be dispatched to the shareholders from the Company in electronic way or by post, in Chinese version or English version or both. The holders of Overseas Listed Foreign Shares may also notify the Company at a reasonable time in advance to change the way to receive the above-mentioned information and in which language. The corporate communications to be received by electronic means shall be viewed or downloaded from the website of the Company. Those to be received by mail shall be sent to the holders of Overseas Listed Foreign Shares by hand or by prepaid mail to their addresses as shown in the register of shareholders.

**Article 211** 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 holders of Domestic Shares 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 holders of Domestic Shares upon publish of the announcement.

**Article 212** 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 of Hong Kong 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 of Hong Kong.

## CHAPTER 23: SETTLEMENT OF DISPUTES

**Article 213** The Company shall abide by the following principles for settlement of disputes:

- (I) Whenever any disputes or claims arise between: (1) the Company and its directors, supervisors or senior management; and (2) holders of Overseas Listed Foreign Shares and the Company; holders of Overseas Listed Foreign Shares and the directors, supervisors, general managers or other senior management of the Company; or holders of Overseas Listed Foreign Shares and holders of Domestic Shares, in respect of any rights or obligations arising from the director's/supervisor's/senior management's service contract, the Articles of Association, the *Company Law* or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration. All persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, a shareholder, director, supervisor, general manager or other senior management of the Company, comply with the arbitration.

Disputes in respect of the definition of shareholders and the register of shareholders do not have to be resolved through arbitration.

- (II) A claimant may elect arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration to be carried out at Hong Kong International Arbitration Centre, any party may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights are settled by way of arbitration in accordance with Item (I) of this article, the laws of the People's Republic of China shall apply, save as otherwise provided in the laws and administrative regulations.
- (IV) The award of the arbitral body is final and shall be binding on the parties thereto.

- (V) Consensus over rules governing settlement of disputes under this article is made by the directors, supervisors or senior management with the Company, and the Company represent itself and each shareholder.
- (VI) Any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearing in open session and to announce its award.

## **CHAPTER 24: SUPPLEMENTARY PROVISIONS**

**Article 214** 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 “more than”, “less than” or “beyond” shall not include the figures listed.

**Article 215** The term “senior management” referred to in the Articles of Association means the general manager, deputy general manager, chief financial officer,, chief economist, chief engineering and secretary to the board of directors 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 216** References to any accounting firm in the Articles of Association of the Company shall have the same meaning as “**auditor**”.

**Article 217** 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.