

Jiangsu Expressway Company Limited

Rules of Procedures of the Strategy Committee

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Revision History:

May 28, 2002	Approved at the 2001 Annual General Meeting of Shareholders
August 26, 2016	Amended at the 9th Meeting of the 8th Session of Board of Directors
October 26, 2018	Amended at the 4th Meeting of the 9th Session of Board of Directors

Chapter I General Provisions

- Article 1 In accordance with the Company Law of the People's Republic of China, the Corporate Governance Code (hereinafter referred to as the "**Hong Kong Corporate Governance Code**") under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**"), the Articles of Association of the Company and other relevant rules and regulations, a Strategy Committee (hereinafter referred to as the "**Committee**") is established under the Board of Directors (hereinafter referred to as the "**Director(s)**", or collectively as the "**Board**") of Jiangsu Expressway Company Limited (hereinafter referred to as the "**Company**") so as to fulfill the Company's strategic development needs, enhance the Company's core competitiveness, determine the Company's development plan, improve the investment decision-making process, strengthen scientific decision-making, improve the quality and effectiveness of major investment decision making, and improve corporate governance structure of the Company.
- Article 2 The Committee is a special standing committee established under the Board in accordance with the shareholders' resolution passed in the general meeting and has responsibilities to study and to make recommendations on the Company's long-term development strategy and major investment decisions and to independently review the quality and efficiency of the Company's risk management and internal control work.
- Article 3 These Rules of Procedures (hereinafter referred to as the "**Rules**") for the Committee specifies the powers and terms of reference of the Committee and shall serve as an important basis and guidelines for the practice of the Committee.
- Article 4 The Committee shall, based on these Rules, exercise the powers delegated by the Board, perform duties and responsibilities, report and make recommendations to the Board, and assist the Board to complete relevant
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work, in order to improve the operation efficiency, reporting quality, transparency and objectivity of the Board.

Chapter II Composition

Article 5 The Committee shall be established with the approval of the board of directors and shall consist of not less than five and not more than seven Directors, one of whom shall be an independent non-executive Director.

Article 6 The Committee members shall be nominated by the chairman of the Board, a majority of the independent Directors or one-third of all Directors, and shall be elected by the Board.

Article 7 The chairman of the Board shall serve as chairman of the Committee (hereinafter referred to as the “**Chairman**”)

Article 8 The term of office of the Committee shall correspond to the term of office of the Directors and it shall be renewable by re-election upon its expiry.

Article 9 In the event that a member of the Committee ceases to be a Director during his term of membership on the Committee, his membership on the Committee shall lapse automatically, and the vacancy shall be filled in accordance with Article 5 to Article 7 above.

Article 10 An investment review panel (hereinafter referred to as the “**Panel**”) is established under the Committee. The Company’s general manager serves as the Panel leader and the Panel will feature a deputy leader.

Chapter III Terms of Reference

Article 11 The Committee is responsible for:

- (i) studying and making recommendations on the Company's long-term strategic development plan;
 - (ii) studying and making recommendations on major investment and financing plans that are subject to Directors’ approval according to the
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Article of Association of the Company;

- (iii) studying and making recommendations on major capital, assets and management projects that are subject to Directors' approval according to the Article of Association of the Company;
- (iv) studying and making recommendations on other major issues affecting the Company's development;
- (v) assessing the effectiveness of risk management and internal control; and
- (vi) reviewing the implementation of the above items.

Article 12 The responsibilities of the Committee to assess the effectiveness of risk management and internal control shall include at least:

- (i) assessing the appropriateness of the design of the Company's risk management and internal control systems;
- (ii) reviewing the self-evaluation report on risk management and internal control;
- (iii) reviewing risk management and internal control audit reports issued by external auditors, and communicating with external auditors on the issues discovered and the improvement methods; and
- (iv) assessing the results of risk management and internal control evaluation and audit, and supervising the improvement of risk management and internal control deficiencies.

Article 13 To review the effectiveness of Company's risk management and internal control systems at least once a year, and report to shareholders in the Corporate Governance Report that the review has been completed. The review should cover all material aspects of the control system, including financial control, operation control, compliance control and the risk management system. (*Hong Kong Corporate Governance Code C.3.3(f)*)

Article 14 To discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems. This discussion shall include the adequacy of resources, staff qualifications and experience, training programmes and budget in the relevant functions. (*Hong Kong Corporate Governance Code C.3.3(g)*)

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- Article 15 To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings. (*Hong Kong Corporate Governance Code C.3.3(h)*)
- Article 16 To review management letter from the external accountant and office of the secretary to the Board (hereinafter referred to as the “**Office of the Secretary**”), any material queries and suggestions raised by the external accountant to management about systems of risk management and control and management's response. To ensure that the Board will provide a timely response to the issues raised in the management letter. (*Hong Kong Corporate Governance Code C.3.3 (k) and C.3.3 (l)*)
- Article 17 The Chairman shall submit to the Board each year at least one report on the work performed during the reported period along with the results of investigation, including conclusion on the efficiency of the risk management and internal control systems.
- Article 18 To review arrangements which allow employees of the Company to raise, in confidence, concerns about possible improprieties in risk management, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions. (*Hong Kong Corporate Governance Code C.3.7*)
- Article 19 To attend to other matters as authorised by the Board and other matters regulated by relevant laws and regulations.
- Article 20 The Committee is responsible to the Board, proposals are submitted for the Board's consideration and decision.
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Chapter IV Decision-making Procedures

Article 21 The Panel shall take charge of the preparatory work for the Committee to make decisions and the following information should be provided:

- (i) significant investment and financing, capital operation, the intention to participate in asset management projects, pre-feasibility report and the basic information of cooperating parties reported by the relevant departments of the Company or officers of the subsidiaries of the Company or companies in which the Company has interests;
- (ii) the Panel shall make an initial consideration and issue a project opinion to the Committee for filing;
- (iii) the relevant departments of the Company or subsidiaries of the Company or companies in which the Company has interests are responsible for the negotiation of agreements, contracts, articles and feasibility reports and shall report to investment review team; and
- (iv) the Panel shall review the above, prepare a written opinion, and submit a formal proposal to the Committee.

Article 22 The Committee shall convene a meeting for discussion in accordance with proposals submitted by the Panel, submit the results to the Board and give feedback to the Panel at the same time.

Chapter V The Rules of Decision-making

Article 23 The Committee shall hold at least two meetings each year, and notify all members seven days prior to the meeting. In the event that the Chairman is unable to attend the meeting, he or she shall authorise another member (who must be an independent Director) to preside over the meeting.

Article 24 Meetings of the Committee shall be held only with the presence of at least two-third of its members. Each member shall be entitled to one vote. Resolutions of a meeting must be passed by a majority of the votes of its members.

Article 25 Resolutions of the Committee shall be passed by a show of hands or by poll. Ad hoc meeting may also be convened by voting by communication.

Article 26 The leader and deputy leader of the Panel may attend Committee meetings. The Committee may, if necessary, invite Directors, supervisors and other senior management members of the Company to attend the meeting.

Article 27 The Committee may, if necessary, engage intermediary institutions to provide professional advice for its decision, the cost shall be paid by the Company.

Article 28 The Committee's procedures for convening meetings, the voting procedures and the resolution adopted at the meetings must comply with the provisions of relevant laws and regulations, the Articles of Association of the Company and these Rules.

Article 29 The Committee meeting should be recorded and the members attending the meetings shall sign the minutes. Full minutes of the Committee meetings shall be kept by the office of the secretary of the Board.

Article 30 The resolution adopted at the Committee's meeting and the voting results shall be submitted to the Board in writing.

Article 31 Members of the Committee attending the meeting are subject to confidentiality obligations on all discussed matters and are not allowed to disclose relevant information.

Chapter VI Supplementary Provisions

Article 32 The trial implementation of these Rules shall start on the date of approval by the Board's resolution.

Article 33 Any matters not covered by these Rules shall be implemented in accordance with relevant laws and regulations of the State and the Company's Articles of Association. Where there is a conflict between these Rules and laws and

regulations to be promulgated by the State or the Company's Articles of Association as amended in accordance with legitimate procedures time to time, these Rules shall be implemented in accordance with relevant laws and regulations of the State and the Company's Articles of Association, and these Rules shall be amended immediately and the amended Rules shall be submitted to the Board for consideration and approval.

Article 34 The right to interpret and amend these Rules shall rest on the Board.
