Jiangsu Expressway Company Limited

Procedural Rules for the Board of Directors

(Approved by shareholders' general meeting on June 23, 2020)

Procedural Rules for the Board of Directors

Contents

Chapter I General Provisions

Chapter II Directors

Section 1 Appointment and Removal of Directors

Section 2 The rights and obligations of directors

Section 3 Directors' remuneration

Chapter III Functions and Powers of the Board

Chapter IV The Chairman of the Board

Chapter V Organisation Structure of the Board

Chapter VI Meetings of the Board

Section 1 Preparations for and Notice of meetings

Section 2 Rules for Making Proposals to Meetings

Section 3 Convening the meetings

Section 4 Order of Proceedings at Meetings and Procedural Rules

Section 5 Post-meeting affairs

Chapter VII Supplementary Provisions

Jiangsu Expressway Company Limited

Procedural Rules for the Board of Directors

Chapter I General Provisions

1.1 The procedural rules ("Rules") for the Board of Jiangsu Expressway Company Limited (the "Company") are made 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"), the Articles of Association of the Company (the "Articles of Association"), the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange Limited (the "Hong Kong Stock Exchange") and Listing Rules of Shanghai Stock Exchange (the "Shanghai Stock Exchange"), the relevant provisions of China Securities Regulatory Commission (the "China Securities Regulatory Commission") and with reference to the relevant laws and regulations of the PRC and local governments, to modernize our corporate systems and to enhance the structure of our corporate governance.

1.2 The objectives of these Rules are to further specify the functions and powers of the Board of the Company, to govern its methods of discussions and work procedures, to ensure the decisions made by the Board are scientific and correct, to exercise the functions and powers of the Board practically by enhancing its responsibilities and obligations, to bring in the decision-making function of the Board in the Company's management into full play.

1.3 The scope of application of these Rules: Jiangsu Expressway Company Limited. Its subsidiaries shall apply the related contents in accordance with the principles of these Rules based on the actual circumstances of their own enterprises. Other associated companies may make arrangements as appropriate by making reference to these Rules. The Rules are binding on all of the Company's directors, the Secretary to the Board, supervisors and other senior management staff in attendance of the Board meetings.

Chapter II Directors

Section 1 Appointment and removal of directors

2.1.1 The Company sets up the Board in accordance with law. The Board comprises thirteen (13) members, five (5) of whom are independent directors. The Board shall have a chairman.

The shareholders of the Company or the employees of shareholders' units, the internal staff of the Company, associates of the Company or any person who has an interest with the management of the Company shall not serve as independent directors.

2.1.2 Basic qualifications of directors:

(1) is a person of integrity and being responsible, impartial, diligent, honest and upright when performing their official duties. To act in the best interests of the Company and its shareholders as a whole, and to ensure the healthy and steady development of the Company;

(2) to safeguard the interests of all shareholders and to ensure the security and growth of the Company's assets in accordance with the Articles of Association;

(3) a director nominated by a domestic shareholder, he/she should have the relevant knowledge and background relating to the principal operations of the Company and at least five years of management experience;

(4) no conflict of interests between the director and the Company;

(5) to possess the ability to assess the strategies, operating plans and other key issues of the Company, as well as the ability to assess the status of the senior management;

(6) is a team player and being able to work with other directors;

(7) to meet the relevant requirements of the PRC and securities regulatory organizations.

2.1.3 (1) A director shall be a natural person who may or may not be a shareholder of the Company.

(2) The list of proposed directors reviewed and approved by the Nomination, Remuneration and Appraisal Committee of the Board shall be approved by more than half of the Board before it is submitted to the shareholders' general meeting for approval.

(3) The intention to nominate the proposed directors and the written notice of director candidates stating their consent to be nominated shall be lodged with the Company seven (7) days but not more than forty-two (42) days prior to the shareholders' general meeting.

(4) The Board members shall be elected by more than half of the shareholders present in person or by proxy. The term of office of a director shall be three (3) years, and a director may serve consecutive terms if re-elected upon the expiration of his/her term.

(5) A director may concurrently serve as manager or other senior management position (excluding the position of supervisors). The number of directors holding positions concerning the operations and management of the Company shall not exceed one-third of the total number of directors.

2.1.4 Any person being in the circumstances specified in Article 146 of the Company Law and being prohibited from serving as a market participant by China Securities Regulatory Commission and the Hong Kong Stock Exchange and such prohibition not having been lifted shall not serve as a director of the Company.

2.1.5 The directors elected shall enter into the "Directors' Service Contracts" with the Company. They shall also sign and submit the "Declarations and Undertakings of a Director" in accordance with the requirement of the stock exchange on which the Company's securities are listed.

2.1.6 After the appointment of or the change of director, the Office of the Secretary to the Board shall prepare a new specimen signature and submit the relevant forms to the Hong Kong Companies Registry, the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the authority in charge of the industrial and commercial registration of companies in accordance with the requirements within fifteen (15) days after the term becomes effective.

2.1.7 A director who fails to attend the board meetings in person nor authorize another director to attend the meetings on his/her behalf for two (2) consecutive times shall be deemed as not performing duties and the Board shall have the right to propose to the shareholders' general meeting for removing such director.

2.1.8 Without contravention to the relevant laws and regulations, a director can be

removed before the expiration of his/her term by way of ordinary resolution approved by the shareholders' general meeting (any claims which the director may raise pursuant to his/her contract with the Company shall not be affected). The first term of a newly appointed director will expire upon expiration of the term of the Board as a whole.

2.1.9 Directors may submit their resignation before their terms expire. The resigning directors shall submit a resignation report to the board of director in writing. The Board shall disclose the relevant circumstances within two (2) days. The resignation report of a director shall become effective upon submission to the Board without requiring the approval of the shareholders' general meeting or the Board, save for the circumstances described as follows:

1. The director is still in the course of performing his/her duties and such duties have not yet been discharged;

2. The Chairman or the director who is also the general manager who tendered his/her resignation but has not yet completed the resignation audit;

3. The Company is or will soon become a target company for acquisitions and mergers.

In the event that the resignation of a director will result in the board of directors of the Company falling below the quorum prescribed by the laws, the resignation report of such director shall only become effective after the vacancy arising from the resignation of such director is filled by a successor. The board of directors remaining shall convene an extraordinary shareholders' meeting as soon as practicable, so as to elect a director to fill the vacancy arising from the resignation of such director. Prior to the passing of the resolution by the shareholders' meeting to elect a director, the power of the resigning director and the board of directors remaining shall be restricted in a reasonable manner.

Any loss incurred by the Company arising from the termination by a director before his/her term expires shall be indemnified by such director.

2.1.10 If the number of directors falls below the quorum required by laws as a result of the resignation of a director, the Board shall hold an extraordinary general meeting to elect a new director to fill the vacancy as soon as possible.

2.1.11 The stock exchanges shall be notified of any resignation and change of directors as soon as possible and an announcement shall be published in the press. In the event of resignation or removal of an independent director, the Company shall promptly notify the stock exchanges of the reasons of such resignation or removal.

2.1.12 A director who resigns without permission prior to the expiration of his/her

term shall be liable to compensate the Company for any losses arising therefrom.

Section 2 The rights and obligations of directors

2.2.1 Directors shall be entitled to the following rights:

(1) to attend meetings of the Board, and exercise their voting right;

(2) to understand the operations and financial status of the Company;

(3) to understand their responsibilities as a director of a listed company and to be provided regularly by the Secretary to the Board with the latest relevant information published by the regulatory authorities;

(4) in the case of an independent director who is required to provide an opinion, the independent director can request to consult independent professional institutions for advice at the expense of the Company;

(5) to act for and on behalf of the Company in accordance with the Articles of Association or by authorization of the Board;

(6) to deal with the business of the Company in accordance with the Articles of Association or by authorization of the Board;

(7) to take other positions or professional office when required by duties without any contravention to these Rules;

(8) other rights approved by the shareholders' general meetings or stipulated in the Articles of Association.

2.2.2 In the discharge of his/her duties, each of the directors of the Company shall abide with the principle of fiduciary and shall not put himself/herself in a position where his/her own interests and his/her obligations may conflict. The principle includes (but not limited to) discharging the following obligations:

(1) to act honestly in the best interests of the Company and its shareholders as a whole, he/she should not only consider the interests or intentions of the shareholders he/she represents;

(2) to exercise powers within the scope of his/her powers and not to engage in any ultra vires acts;

(3) to exercise the discretion vested in him/her personally and shall not excise such discretion under anyone's direction;

(4) to treat shareholders of the same class and shareholders of different classes fairly;

(5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) without the informed consent of shareholders given in general meeting, not to use the Company's assets for his/her own benefit in any manner;

(7) not to exploit his/her position to accept bribes or other illegal income or misappropriate the Company's assets by any means, including (but not limited to) opportunities advantageous to the Company;

(8) without the informed consent given by shareholders in general meeting, not to accept any commission in connection with the Company's transactions;

(9) to abide by the Articles of Association, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own interests;

(10) not to compete with the Company in any form unless with the informed consent given by shareholders in general meeting;

(11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to pledge the Company's assets as a guarantee for the debts of a shareholder of the Company or any other individual;

(12) without the informed consent given by shareholders in general meeting, not to disclose any confidential information acquired by him/her in the course of and during his/her tenure; such information shall not be disclosed even if it is for the purpose of advancing the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. the disclosure is required by law;

2. the disclosure is in the interests of the public;

3. the disclosure is required by the obligations of the relevant director himself/ herself.

2.2.3 The directors of the Company shall not cause the following persons or

institutions ("related persons") to do what he/she is prohibited from doing:

(1) the spouse or child who is a minor of that director of the Company;

(2) a person acting in the capacity of trustee of that director of the Company or any person referred to in the paragraph (1);

(3) a person acting in the capacity of a partner of that director of the Company or any person referred to in paragraphs (1) and (2) above;

(4) a company in which that director of the Company solely controls or jointly controls with one or more persons referred to in paragraphs (1), (2) and (3) above or other directors, supervisors and other senior management of the Company having a de facto controlling interest;

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

2.2.4 In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the securities of the Company are listed, each of the directors of the Company owes the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

(1) not to cause the Company to act beyond the scope of the business stipulated in its business license;

(2) to act honestly in the best interest of the Company;

(3) not to deprive the Company of its property by any means, including (but not limited to) usurpation of opportunities advantageous to the Company;

(4) not to deprive the shareholders of their individual rights, including (but not limited to) rights to distribution and voting rights, but excluding any proposed reorganization of the Company approved by shareholders in general meeting in accordance with the Articles of Association.

2.2.5 Apart from performing duties and undertaking certain obligations as a director, a director who has taken specific position of operation and management shall have the following obligations:

(1) to implement the resolutions of the board of director as authorized by the Board, and to assist the Chairman in supervising the implementation of the Board's resolutions;

(2) to assist the general manager in implementing the Board's resolutions;

(3) to assist all professional committees under the Board in conducting their work, and to facilitate the communications between the Board and its professional committees, management and all departments of the Company;

(4) to complete the daily work of his/her own management unit;

(5) to handle other matters entrusted by the Board.

2.2.6 The fiduciary duties of the directors of the Company do not necessarily cease with the termination of their tenure. Their duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as determined by: the Company's principle; the time lapse between the act concerned and the termination of directorship; and the circumstances under which the relationships between them and the Company are terminated.

2.2.7 A director shall take the following responsibilities:

(1) A director shall be liable for losses on assets sustained by the Company;

(2) A director shall be liable for losses sustained by the Company due to an error of the Board in major investment decisions;

(3) A director shall be liable for legal liabilities pursuant to the Company Law.

2.2.8 In the event that a director breaches the responsibilities of specific obligations, such responsibilities may be waived by an informed consent given by shareholders in general meetings, except for the following:

(1) A director shall be liable for not acting in the best interest of the Company and its shareholders as a whole in good faith;

(2) A director shall be liable for depriving the Company of its property, including (but not limited to) opportunities advantageous to the Company;

(3) A director shall be liable for depriving the shareholders of their interests (for his/her own benefits or other's benefit), including (but not limited to) any rights to distribution or voting rights, but excluding the obligations of proposed reorganization of the Company approved by shareholders in general meeting in accordance with the Articles of Association.

2.2.9 In addition to any rights and remedies available under the laws and administrative regulations, where a director of the Company is in breach of his/her duties to the Company, the Company has a right to:

(1) claim damages from the director in compensation for the losses sustained by the Company as a result of his/her dereliction of duty;

(2) rescind any contract or transaction entered into by the Company with the relevant directors or with a third party (where such third party knows or should know that there is such a breach of duties by such director);

(3) demand the relevant directors to account for the profits made in breach of his/her duties;

(4) recover any monies received by the relevant directors which should have been received by the Company, including (but not limited to) commissions;

(5) demand payment of the interest earned or which may have been earned by the relevant directors on the monies that should have been paid to the Company;

(6) initiate any legal proceedings to request an order for the profits made by the director in breach of his/her duties to be returned to the Company.

Section 3 Directors' remuneration

2.3.1 Each of the directors is entitled to an appropriate remuneration based on his/her own situation which reflects the time spent and obligation undertaken by each director during his/her term of service at the Board. The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with each of the Company's directors in respect of his/her emoluments. The aforesaid emoluments include:

(1) emoluments in respect of his/her service as a director of the Company;

(2) emoluments in respect of his/her service as a director of any subsidiary of the Company;

(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;

(4) payment by way of compensation for loss of office, or as a consideration for or in connection with his/her retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director against the Company for anything due to him/her in respect of the above matters.

2.3.2 The Company shall, in principle, offer salary grade only to directors undertaking operation and management positions, including liability insurance, business trip insurance, share option scheme, etc.

Other directors shall only obtain allowances from the Company.

2.3.3 The Supervisory Committee and the Remuneration and Appraisal Committee shall assess the performance of all directors annually.

Chapter III Functions and Powers of the Board

3.1 Under authorization or entrustment of the shareholders' general meeting, the Board shall be accountable to the shareholders' general meeting for the operation and management of the corporate property, convening shareholders' general meeting, reporting to the shareholders' general meeting and implementing resolutions passed in the shareholders' general meeting.

3.2 The Board is a standing organ of the Company. It exercises the power to make management decisions on the Company's development strategies, management structure, investment and financing, planning, financial control, and personnel matters pursuant to these Rules.

3.3 The Board shall be accountable to the shareholders' general meeting and exercises the following powers:

I. Power on development of strategies and management plan:

1. Power requiring approval from shareholders' general meeting:

(1) to formulate proposals on acquisition or disposal of assets or for assets to be acquired: the aggregate amount of the assets to be acquired or disposed of representing 50% or more of the latest audited total asset value of the Company, or the transaction monies (including expenses and debts assumed) representing 50% or more of the latest audited total asset value of the Company or representing 50% or more of the absolute value of net profit or losses from the acquired or disposed assets, and related party transaction not having been exempted from the holding of a shareholders' general meeting by the stock exchange(s) on which the securities of the Company are listed;

(2) to formulate proposals for an increase or reduction of the Company's registered capital and repurchase of the Company's shares;

(3) to formulate proposals for increases in the Company's share capital and financing activities on issue of debentures;

(4) to formulate proposals on merger, spin-off and dissolution;

(5) to file a winding-up petition for the Company;

(6) to propose amendments to the Articles of Association;

(7) to put forward specific proposals on changing the use of proceeds of the Company.

2. Directors can exercise the following power independently without prior approval from shareholders' general meeting:

(1) to decide on the operation plans, audit plans and investment plans of the Company;

(2) to decide on adjustment plans on major internal institutions of the Company and establishment of the Board's management structure;

(3) to decide on the setting-up of professional committees and appointment or dismissal of the chairman and committee members of the professional committees;

(4) to decide on investment plans within the scope of powers of the Board;

(5) to decide on other major operation and management issues which are not specified to require shareholders' approval in general meetings under the Articles of Association or these Rules.

II. Power on financial management of the Company:

1. Power subject to approval from shareholders' general meeting:

(1) to consider the Company's annual budget and final accounts;

(2) to formulate the Company's profit distribution policy, profit distribution proposal and proposal for loss settlement;

(3) to consider asset handling plans such as pledge, leasing, subcontract or transfer of assets with value exceeding 10% of the Company's net asset;

(4) to formulate plans for appointment or removal of external audit firm by the Company.

2. Directors can exercise the following powers independently without prior approval from shareholders' general meeting:

(1) to decide on the annual loan plan and project investment plan of the Company within the scope of the annual budget approved by shareholders' general meeting;

(2) to decide on asset handling plans such as pledge, leasing, subcontract or transfer of assets with value not exceeding 10% of the Company's net asset;

(3) to approve donations to social charities and other charity and business sponsorship or donations not exceeding RMB1,000,000 in aggregate;

(4) to manage matters relating to the financial information of and any disclosure by the Company;

(5) to decide on implementation plan of lease contracts, transaction contracts and guarantee contracts within the Company's budget or

plan.

III. Powers of human resources management on senior management of the Company:

1. Powers requiring shareholders' general meeting approval:

   (1) to fix the directors' remuneration scale;

   (2) to propose candidates for directorship which is not nominated by shareholders and review candidates for directorship which is nominated by shareholders;

   (3) to propose removal of directors.

2. Directors can exercise the following power independently without approval from the shareholders' general meeting:

   (1) to decide on the strategy and plan concerning the development and use of the Company's human resource;

   (2) to decide on the principal duties and scope of powers of general manager, financial officer or financial controller and the secretary to the board of directors;

   (3) to appoint or dismiss the general manager, financial officer or financial controller and secretary to the board of directors of the Company; to appoint or dismiss the deputy general manager, business director or any other person as designated by the board of directors of the Company according to the nomination of the general manager;

   (4) to determine the salary and allowance of senior management and decide on share option scheme (or similar arrangement);

   (5) to assess the work performance of the general manager, and to decide on the succession plans for the directors, general manager, financial officer (or financial controller) and the secretary to the board of directors of the Company;

   (6) to approve or appoint shareholder representatives of subsidiaries, and recommend candidates for directors, supervisors and financial

officers or financial controllers to the subsidiaries in accordance with the articles of association of or the agreement made with the subsidiaries;

(7) to approve retirement benefits scheme, pension scheme and other staff welfare schemes.

(IV).Power of supervision and examination on the development and operations of the Company

1. to supervise and conduct checking on the implementation of the annual financial budget and final budget of the Company; and to examine the progress of various plans;

2. to evaluate the operating results of the Company on an annual basis, so as to spot any operating problem in a timely manner, and make proposals for improvements and to supervise the implementation of the proposals conducted by the senior management of the Company;

3. to identify any obstacles faced by the Company in its development; to keep abreast of the changes in the Company and to propose changes in the direction of development of the Company;

4. to discuss all opportunities and risks faced by the Company in its course of its development, and any change in any objective factors which may have any extensive impact on the Company;

5. to ensure a smooth flow of information in the Company; and assess the information to ensure their accuracy and completeness, and timeliness.

3.4. The Board shall exercise those powers which are not stipulated in the Articles of Association to be exercised by the shareholders' general meeting. The Board shall comply with the provisions of the Articles of Association and the provisions approved by the shareholders' general meeting from time to time. However, the provisions approved by the shareholders' general meeting shall not invalidate any previous valid acts taken by the Board.

In the disposal of fixed assets, unless approved by shareholders in general meeting, the Board shall not dispose of or resolve to dispose of any fixed assets, with an aggregate expected value of such asset and the value of the fixed assets disposed of in the

preceding four months exceeds 33 per cent. of the value of the fixed assets shown in the latest balance sheet adopted by the shareholders' general meeting.

3.5. The Board can set up committee or work group which shall comprise of two or more directors, and authorize the committee or work group to exercise some of the powers, functions and discretion exercisable by the Board. Such committee or work group shall act within the scope authorized by the Board, and comply with the rules laid down by the Board from time to time. The Board can resolve to dissolve the relevant committee or work group or change the scope of authorization.

The Board shall establish the Strategy Committee, Nomination, Remuneration and Appraisal Committee and Audit Committee and shall formulate their terms of reference respectively.

Chapter IV The Chairman of the Board

4.1. The Board shall have a chairman. The Chairman of the board of directors shall be elected and removed by a simple majority of all the directors. The term of office of the Chairman shall be three years, and shall be renewable if the Chairman is re-elected.

4.2 Qualifications of the Chairman

(1) having the integrity and to be diligent, to have good morals, to be uncorrupted and upright and impartial;

(2) to be democratic, broad-minded, having the impartiality to appoint officers by merits only, a leader with good leadership skills, being able to guide and unify colleagues and subordinates;

(3) having extensive experience in corporate management and marketing, intelligent and innovative, able to make correct analysis and judgement on domestic and foreign macro-economic situations and trend of market development, having the ability to control the overall situation, good at

organizing, liaising and decision-making, willing to undertake responsibilities;

(4) having good ability of work on the field, able to coordinating the Board, professional committees, senior management and other organisations within the Company, good at motivating different parties involved to serve the Company with enthusiasm;

(5) having 10 years or above of experience in management, at least five years of which shall be corporate management experience, being familiar with the macro-situation as well as the basic knowledge of the industry, being conversant with the state policies, laws and regulations;

(6) being enthusiastic, energetic, having a strong sense of dedication, responsibility and an innovative and aggressive spirit, and able to open up a new prospect in difficult situation.

4.3 The Chairman is the legal representative of the Company. The Chairman shall exercise the following powers:

(1) to preside the shareholders' general meetings;

(2) to convene and preside over the board meetings, coordinate the works of the various professional committees of the Board, supervise the daily works of the Board;

(3) to scrutinise the implementation of the Board resolutions;

(4) to sign on securities issued by the Company;

(5) to sign other important documents of the Company, and authorise one or several directors to sign other important documents of the Company by way of power-of-attorney;

(6) to examine and approve expenditures made for special purposes of the Board;

(7) where the number of votes cast for and against a resolution are equal, the Chairman shall have a casting vote;

(8) under emergency circumstances such as war and calamity, to exercise

special power of decision and disposal on the Company's affairs in conformity with the laws and the interests of the Company, and shall report to the Board and the shareholders' general meeting subsequently;

(9) to sign the appointment and removal documents or employment letter of the legal advisors, special consultants of the Company and the senior management of the Company appointed or removed by the Board, pursuant to the board resolutions;

(10) to examine and supervise the integrity and self-discipline of the executive directors, financial controller, general manager and other senior management of the Company;

(11) other powers conferred by the Board.

4.4 If the Chairman is unable to perform his duties for a short period for some reason, he/she may delegate such functions and powers to a director to exercise on his/her behalf.

4.5 The Chairman shall undertake the following obligations:

(1) accountability to the Board and to report his/her work to the Board;

(2) obligations to be undertaken as a director;

(3) liabilities for any damage caused to the Company by the exercise of his/her powers either by himself/herself or by his/her delegate beyond the scope authorised by the Board;

(4) assume principal liabilities for damages caused to the Company as result of his/her incompetence in supervising the Company's general manager, financial controller and the Secretary to the Board;

(5) other obligations to be undertaken as required by laws, regulations and the Articles of Association.

Chapter V Organisation Structure of the Board

5.1 The Board shall have a Secretary to the Board. The office of the Secretary to the

Board, the Strategy Committee, the Nomination, Remuneration and Appraisal Committee, and the Audit Committee shall handle the daily administrative matters and professional affairs of the Board.

5.2 Procedural rules for the Secretary to the Board and the various professional committees shall be formulated separately.

Chapter VI Meetings of the Board

Section 1 —Preparation and notification of meetings

6.1.1 Where the time and venue of the Board meeting has already been specified in advance by the Board, no notice for the convening of the meeting shall be required. Where the Board has not decided on the time and venue of the Board meeting in advance, the Chairman shall instruct the Secretary to the Board to notify all directors and supervisors of the time, venue and summary of the agenda of the Board meeting by telex, telegram, fax, speedpost, registered mail or by hand not less than ten days and not more than thirty days prior to the convening of such meeting.

6.1.2 Where an extraordinary board meeting is required for an urgent matter, the Chairman shall instruct the Secretary to the Board to notify all directors, supervisors and persons in attendance of the board meeting of the time and venue of and the way in which the Board meeting will be held, either by telex, telegram, fax, or by hand in not less than two days and not more than ten days before the convening of such meeting.

6.1.3 Where a director has attended the meeting, and he/she has not raised any complaints for not having received the notice of the meeting prior to his/her arrival or upon his/her arrival at the meeting, the notice of the meeting shall be deemed to have been delivered to him/her.

6.1.4 The contents of the notice of the Board meeting shall include: time and venue

of the meeting, length of the meeting, reasons for and business for discussions at the meeting, and date of the dispatch of the notice. The notice of the meeting shall be sent after having been signed by the Secretary to the Board.

6.1.5 Upon receipt of the notice, persons required to attend the meeting shall notify the Secretary to the Board two days before the convening date whether or not they will attend the meeting.

6.1.6 A director who is unable to attend the meeting for certain reasons may appoint, in writing, other directors to attend the meeting as his/her proxy and vote on his/her behalf, and the appointment instrument shall specify the scope of authority. A written appointment instrument shall be delivered to the Secretary to the Board two days prior to the convening of the meeting. The Secretary to the Board shall register the proxy and announce it to the persons present at the meeting when the meeting commences.

The appointment instrument shall be prepared in a standard form by the Secretary to the Board, to be delivered to directors attached with the notice. The appointment instrument shall contain the names of the principal and proxy, the time, place and name of the meeting concerned, contents to be discussed and opinions to be expressed, the resolutions on which a vote is to be casted and the position to be held for such resolutions.

6.1.7 The Board meetings shall adopt a sign-in system, to be signed by all attending directors in the meeting, and no signing on behalf of others shall be allowed. The sign-in records and other materials in writing of the meeting shall be kept in file.

6.1.8 Where more than a half of the directors or at least two independent directors consider the information to be insufficient or arguably unclear, a joint proposal for postponing the Board meeting or postponing part of the business to be discussed can be made in writing, and the Board shall adopt.

Section 2 Rules for making proposals to Meetings

6.2.1 Proposals which the Company's directors, supervisors and general manager need to present for study, discussion and resolution at the Board meeting shall first be submitted to the Secretary to the Board. Upon collection and classification by the Secretary to the Board, such proposals shall be forwarded to the Chairman for review and decision as to whether or not to be included in the agenda.

In principle, all proposals submitted shall be included in the agenda. For the proposals not been included in the agenda, the Chairman shall provide a written explanation, with reasons stated, to the proposing party, and should not reject any proposal without any discussion and response, failing which the proposing party shall be entitled to reflect the situation to the regulatory authority.

Contents of the agenda items shall be delivered to all directors and the relevant parties in attendance of the board meeting, together with the notice of the meeting.

6.2.2 Proposals to the Board shall meet the following requirements:

(1) the contents shall not be in contravention with the provisions of laws, regulations and the Articles of Association, and shall be within the scope of the operating activities of the Company and the scope of powers of the Board;

(2) the proposals shall be in the interests of the Company and its shareholders;

(3) the proposals shall contain a clear subject for discussion together with the details of the specifics;

(4) the proposals shall be made in writing.

6.2.3 Business to be transacted by the Board shall mainly include the following:

(1) to discuss the convening of shareholders' general meetings and to report on its work to the shareholders' general meeting;

(2) to discuss the implementation of the resolutions of the shareholders general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the Company's annual budgets and final accounts;

(5) to formulate the Company's profit distribution proposal and proposal for loss settlement;

(6) to formulate proposals for increases or reductions of the Company's registered share capital and the issue of debentures or other plans concerning the listing of securities;

(7) to draw up plans for the major acquisitions by the Company, repurchase of the Company's securities or plans for merger, spin-off or modification;

(8) within the scope authorised by the shareholders' general meeting, to decide on matters relating to the risk of investments and pledge of assets made and the guarantees provided by the Company;

(9) to decide on the establishment of the Company's internal management structure and the Company's branches;

(10) to appoint or dismiss the Company's general manager and the Secretary to the Board, and pursuant to the general manager's nominations, to appoint or dismiss the senior management, such as deputy general manager and financial controllers and determine matters such as their remunerations, term of office and incentive schemes;

(11) to formulate the Company's basic management system;

(12) to formulate proposals for any amendments to the Company's Articles of Association;

(13) to attend to the work report of the general manager and to examine the work of the general manager;

(14) to supervise the disclosure of information by the Company;

(15) to make proposals to the shareholders' general meeting for appointment or removal of the accountants responsible for the Company's auditing exercise;

(16) to prepare the work reports of the Board to be submitted to the shareholders' general meeting;

(17) other matters as required by laws, regulations and the Articles of Association and as authorised by the shareholders' general meeting.

Section 3 Convening the meetings

6.3.1 The board of directors shall convene meetings at least twice annually, which are convened by the Chairman of the Board.

6.3.2 An extraordinary Board meeting may be held under any of the following circumstances:

1. when jointly proposed by more than one-third (inclusive of one-third) of the directors;
2. when proposed by the supervisory committee;
3. when proposed by the general manager;
4. when proposed by more than one-half (inclusive of one-half) of the independent directors;
5. shareholders holding more than 10% of the voting rights.

6.3.3 Meetings of the Board shall be attended by more than half of the directors.

6.3.4 Quorum for meetings of committees or working team of the Board shall be the higher of two members of the committee or working team or more than one half of the number of members.

6.3.5 The Board meetings shall be presided by the Chairman. Where the Chairman is unable to attend the meeting for some reason, he/she may appoint a director to preside over the meeting. Where the Chairman is unable to perform his/her duties without any reason, and has not appointed any person to exercise the duties on his/her behalf, a director may be jointly elected by more than half of the directors to convene and preside over the Board meeting.

6.3.6 (1) The board meetings shall be attended in person by the directors. Where a director is unable to attend the meeting for any reason, he/she may appoint in writing another director to attend the Board meeting as his/her proxy and vote on his/her behalf, and the appointment instrument shall specify the scope of authority.

(2) The director attending the meeting as a proxy shall exercise the power as a director within the scope of authority. Where a director fails to attend a certain board meeting and has not appointed any proxy, he/she shall be deemed to have abstained from voting in such meeting.

(3) The proxy himself/herself must be a director, and in counting the quorum of the Board meeting, the proxy himself/herself and the director represented by him/her shall be counted separately, and he/she is not required to exercise all his/her voting rights by casting for or against votes at the same time. The director shall also notify the Company of the termination of the appointment of his/her proxy.

6.3.7 In extraordinary board meetings, directors may make use of telephone or other communication facilities to participate in regular sessions or special meetings. As long as all persons present in the meeting can clearly hear the speech of other persons and communicate with one another through the above-mentioned facilities, such directors shall be deemed to have attended in person in the meeting. If more than half of the directors shall consider that the business to be discussed in the extraordinary board meeting to be non-material, and no discussion is required, they may directly sign for or against on the resolution provided by the office of the Secretary to the Board and send it back by fax or speedpost to the Secretary to the Board. The Secretary to the Board may take it as a basis for formulating the board resolution.

Section 4 Order of proceedings in Meetings

6.4.1 Method of voting by the Board: voting in writing. Voting at extraordinary Board meeting may be conducted by way of circulating written resolution(s) provided that the directors are assured to have fully expressed their views and the directors attending the meeting shall sign accordingly.

6.4.2 Decisions of the Board must be approved by more than half (inclusive of half) of all directors. Where the number of votes cast for and against a resolution are equal, the Chairman shall have a casting vote. For major issues involving amendment to the Articles of Association, profit distribution, recovery of losses, major investment projects, increases or reductions of the Company's registered capital and issue of the Company's debentures, acquisitions and merger, approval from more than two-thirds of the directors must be obtained.

6.4.3 Meetings of the Board shall fully adopt democratic discussions, respect the opinions of every director, and allow the directors to reserve their different personal opinions when making resolutions. Directors with different opinions or opposing opinions shall obey the lawful decisions made by the Board, and shall not act in contradiction in the course of implementation or act according to his/her personal wish, failing which the Board may request the removal of his/her office at the shareholders' general meeting.

6.4.4 Procedures for convening meetings pursuant to the motions set out in the notice of the Board meeting:

(1) an introduction by the person who makes the proposal or the director or the relevant persons responsible for the relevant issues;

(2) inquiries and discussions by the directors present at the meeting;

(3) where opinions tend to be unanimous, a proposal to be made for approval by the chairman of the meeting, and minutes of the meeting shall be made and confirmed;

(4) where the opinions on the proposed resolutions are substantially difference, the proposed resolutions shall be voted by poll;

(5) directors and the proxies present at the meeting shall sign on the resolution or the minutes of the meeting.

6.4.5 For non-material resolutions, the Board may adopt resolution in writing to form a resolution. Procedures for the formation of a resolution are:

(1) the draft resolution shall be delivered either by hand, fax or speedpost to every director three days in advance;

(2) upon receipt of the relevant written resolution, all directors shall sign for or against the draft resolution;

(3) the signed draft resolution shall be delivered either by hand, fax or speedpost to the Secretary to the Board;

(4) where the number of directors approving a resolution reaches the quorum for the relevant decision, the resolution shall become a board resolution;

(5) resolutions signed against should be annexed with reasons and basis of disagreement.

6.4.6 Where a director has an interest in a resolution, the director shall abstain from voting.

6.4.7 Observers, other than the supervisors and the general manager who are required to attend the Board meetings pursuant to the Company Law, shall attend the meetings only during the discussion of the related resolutions, and shall withdraw during other moments.

Observers may have the right to speak, but have no right of voting. The Board shall take full consideration of the opinions given by of the Observers before making any decision.

6.4.8 Each of the motions on the agenda shall be resolved in writing. There are two forms of written records of the resolutions: minutes and resolutions.

Under normal circumstances, resolutions in respect of matters which only need to be known to a certain extent or to be filed shall be set out in minute form, and those required to reported or announced shall be made in resolution form.

The Secretary to the Board shall make the resolutions of the meeting into minutes or resolutions in duplicates, to be signed by the directors and the Secretary to the Board on the minutes.

6.4.9 Decision making procedures for the board of directors

1. Decision making procedures for investment

(1) The general manager is responsible for arranging relevant staff to prepare the medium to long term development plan, annual investment plan and feasibility report of major investments and submit to the board of directors for consideration;

(2) The board of directors shall resolve on the above after sufficient discussion, and the general manager is responsible to implement the same. If the investment amount exceeds the authorization limit of the board of directors, the same will be submitted to the shareholders' general meeting for consideration and approval prior to implementation.

2. Decision making procedures for loans and guarantees:

(1) The annual bank loan plans for the Company shall be reported by the general manager to the board of directors. The board of directors shall consider and approve the same within its scope of authorization. The general manager and the relevant departments of the Company shall implement the plans in accordance with the relevant provisions and procedures;

(2) The board of directors authorizes the chairman to sign an external guarantee that is approved by the shareholders' general meeting and approved by the board of directors during the intersessional period.

2. Procedures for implementing significant matters: Prior to considering and signing the documents for significant matters to be decided by the board of directors, the chairman shall study the relevant matters and determine their feasibilities. Where necessary, consultation meetings with experts or discussion meetings shall be convened for consideration. The chairman shall sign the opinion after the matter has been approved and resolved by the board of directors for the purpose of minimizing any errors;

3. Examination procedures of the board of directors: In the course of implementing a resolution of the board of directors, the board of directors or the chairman shall assign members of the board of directors to keep track on and examine the implementation progress. In the event that there is any act which breaches the resolved matters, the board of directors shall request the general manager to remedy the

same accordingly.

6.4.10 Directors shall be accountable for the resolutions of the Board. Where the Board resolution is in violation of laws, administrative regulations or the Articles of Association resulting in serious damages to the Company:

1. directors taking part in passing the resolution shall be directly accountable to the Company;
2. directors having voted for, or appointed another director as proxy to exercise his rights to vote for the resolution, shall undertake direct responsibility;
3. directors who have been proved to have indicated their opposition during the voting and requested the recording officer of the meeting to record their cast of votes against the resolution in the records, may be relieved of liabilities;
4. directors who have abstained from voting, or have not attended the meeting nor have appointed others to attend the meeting, shall not be relieved of liabilities;
5. directors who have clearly indicated opposition during discussions, but have not voted against in the voting, or the vote was un-named and they have not requested their opposition to be recorded in the records of the meeting, shall not be relieved of liabilities;
6. independent directors and other directors who have different opinions which have been clearly recorded in the minutes of the meeting shall undertake their corresponding liabilities respectively.

6.4.11 Opinions and explanations of directors on the business discussed should be accurately recorded in the records of the meeting, to be signed by directors and the recorder attending the meeting.

6.4.12 Records of the board meetings shall be kept by the Secretary to the Board himself/herself. In case the Secretary to the Board is unable to keep records for any

reason, a recording officer shall be appointed by the Secretary to the Board. The Secretary to the Board shall inform such recorder of details of the requirements for the record and his/her confidentiality obligations.

Directors, the Secretary to the Board and recording officer attending the meetings shall sign on the records.

Section 5 Post-meeting affairs

6.5.1 Written information such as the sign-in book, power-of-attorney, records, minutes, resolutions shall be compiled by the Secretary to the Board and kept as the Company's records.

6.5.2 The Secretary to the Board shall be responsible for the reporting of the relevant materials such as minutes and resolutions to the relevant regulatory authorities, and to attend to the disclosure of information matters with the media.

6.5.3 Prior to the disclosure of the Board resolutions through normal channels, all persons present at the meetings shall not leak in any way or make use of the confidential information for his/her personal benefits. In the occurrence of such act, the relevant person shall be responsible for all the consequences thereof and be accountable for the legal liabilities (as appropriate).

Chapter VII Supplementary Provisions

7.1 Matters not mentioned in these Rules shall be handled in accordance with the Company Law, Articles of Association and other relevant laws and regulations.

In these Rules, the phrase "more than" shall be inclusive of the figure itself.

7.2 This Rules, as well as its amendments, shall become effective after being considered and approved by the shareholders' general meeting of the Company. These Rules shall be interpreted by the Board of the Company.