

ZHEJIANG EXPRESSWAY CO., LTD.

ARTICLES OF ASSOCIATION

March 20, 2026

Contents

Chapter 1	General Provisions	1
Chapter 2	Business Objectives and Scope of Business	2
Chapter 3	Share Capital	3
Chapter 4	Shareholders	6
Chapter 5	Shareholders' Meetings	7
Chapter 6	Special Procedures for Class Shareholders Voting	12
Chapter 7	Board of Directors.....	15
Chapter 8	Secretary to the Board of Directors of the Company	18
Chapter 9	The Company's Manager	18
Chapter 10	Qualifications and Obligations of the Directors, General Manager and Other Officers of the Company	19
Chapter 11	Financial Accounting System and Distribution of Profits and Audit	21
Chapter 12	Appointment of Accounting Firm	23
Chapter 13	Merger and Division of the Company	24
Chapter 14	Liquidation of the Company upon Dissolution	25
Chapter 15	Labor Management and Trade Union	27
Chapter 16	Party Organization	27
Chapter 17	Procedures for Amending the Articles of Association of the Company	30
Chapter 18	Supplementary Provisions	31

Chapter 1 General Provisions

Article 1 The Articles of Association of Zhejiang Expressway Co., LTD. (hereafter referred to as the “Company”) (hereafter referred to as the “Articles of Association” or “these Articles of Association”) are formulated in accordance with the Company Law of the People’s Republic of China (hereafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereafter referred to as the “Securities Law”), and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Listing Rules”) and other relevant laws, regulations and provisions for the purposes of safeguarding the legitimate rights and interests of the Company, its shareholders, employees and creditors as well as regulating the organization and conducts of the Company.

Article 2 The Company was established by way of promotion on February 24, 1997 with the approval of the State Commission for Restructuring the Economic System under the document Ti Gai Sheng [1997] No.18 and was registered with the Administration for Market Regulation of Zhejiang Province and obtained its business license on March 1, 1997, the business license number is 14294209-5. Pursuant to the approval document 2000 Wai Jing Mao Zi Yi Han Zi No.521, MOFTEC approved the transformation of the Company into a foreign investment joint stock company with limited liability. The Company’s Unified Social Credit Identifier number is: 91330000142942095H.

Article 3 The registered Chinese name of the Company is: 浙江沪杭甬高速公路股份有限公司
The English name of the Company is: ZHEJIANG EXPRESSWAY CO., LTD.

Article 4 The address of the Company is:
Room 501, No. 2, Mingzhu International Business Center, Shangcheng District, Hangzhou City, Zhejiang Province, the People’s Republic of China
Postal Code: 310020
Telephone No: 0571-8798 5588
Facsimile: 0571-8798 5599

Article 5 The registered capital of the Company is RMB6,038,114,642.

Article 6 The director who represents the Company in executing its affairs shall be the legal representative of the Company and shall be elected by the board of directors.

If the director serving as the legal representative resigns, he/she shall be deemed to have concurrently resigned as the legal representative.

In the event that the legal representative resigns, the Company shall determine a new legal representative within thirty days therefrom.

Article 7 The Company is a perpetually existing joint stock limited company.

Article 8 These Articles of Association shall be a legally binding document from the effective date, which regulates the organization and acts of the Company, and defines the relationships of rights and obligations between the Company and the shareholders and among the shareholders themselves.

Article 9 These Articles of Association shall be binding on the Company, its shareholders, directors, managers and other senior managerial officers. All persons mentioned above shall have rights to claim relating to the affairs of the Company in accordance with these Articles of Association.

In accordance with these Articles of Association, shareholders may institute legal proceedings against the Company; shareholders may institute legal proceedings against other shareholders; shareholders may also institute legal proceedings against directors, managers and other senior managerial officers of the Company; the Company may institute legal proceedings against shareholders, directors, managers and other senior managerial officers of the Company.

The manager, deputy manager, head of finance (referred to as “chief financial officer” in the Company) and secretary of the board of directors of the Company are the senior managerial officers of the Company.

Article 10 Shareholders’ liabilities to the Company shall be limited to their respective shareholdings in the Company whereas the Company’s liabilities shall be limited to the total amount of its properties.

Article 11 The Company may invest in other enterprises. Where any law stipulates that the Company shall not act as an investor who bears joint and several liability for the debts of the invested enterprise, such provisions shall apply.

Chapter 2 Business Objectives and Scope of Business

Article 12 The business objectives of the Company are: to serve the national and regional economic development, to fully utilize the function of the listed company platform, to actively promote the development of digital, intelligent and green integrated transportation and related industries, to vigorously enhance the economic benefits and social value of the Company, and to enable all shareholders to obtain satisfactory investment returns.

Article 13 The scope of business of the Company shall be that as approved by the competent authority in charge of the Company’s registration.

After registration in accordance with the laws, the Company’s business scope is: licensed projects: highway management and maintenance; construction engineering; construction engineering design; catering services; labor dispatch services; food product sales; small grocery store (small eatery, small grocery store and individual workshop); urban distribution transport services (excluding dangerous goods); business training (excluding education training, professional skills training and other trainings that require a licence); catering management; power generation business, power transmission business, power supply (distribution) business (projects that are subject to approval in accordance with the laws may only be operated after the approval by the relevant authorities, subject to the approval results of specific business projects). General projects: equity investment; technology services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; information technology consulting services; car towing, assistance, and obstacle removal services; car washing services; parking lot services; general cargo storage services (projects requiring approval such as hazardous chemicals are not included accommodation services); travel agency service network and tourism solicitation, consultation services; wholesale of aquatic products; sale of agricultural by-products; sale of daily necessities; sales of electronic products; sales of office equipment and consumables; sales of centralized fast charging stations; operation of road cargo transport stations; special equipment manufacturing for traffic safety and control; traffic facilities maintenance; motor vehicle repair and maintenance; operation of electric vehicle charging infrastructure; sales of motor vehicle charging services; technical services for solar power generation (except for projects subject to approval according to law, business activities shall be carried out independently with a business license).

Chapter 3 Share Capital

Section 1 Issuance of Share Capital

Article 14 The share capital of the Company shall be in the form of shares. The shares issued by the Company shall have par value of Renminbi one per share.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China (hereinafter referred to as the "PRC").

Article 15 The issuance of shares of the Company shall be subject to the open, fair and just principles, and each share in the same class ranks pari passu.

Shares issued at the same time in the same class are of the same price and subject to the same conditions. The price paid by subscriber(s) for each share shall be the same.

Article 16 The domestic shares issued by the Company shall be deposited with China Securities Depository and Clearing Corporation Limited in a centralized way. The foreign shares issued by the Company are mainly deposited in Hong Kong Securities Clearing Company Limited, or held by shareholders in their individual names.

Article 17 The Company may issue shares to domestic investors and overseas investors, which shall comply with the registration or filing procedures with the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") in accordance with the laws.

Overseas investors referred to in the preceding paragraph shall mean investors in foreign countries such as Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors within China other than Hong Kong, Macau and Taiwan, who subscribe for shares issued by the Company.

Article 18 The shares issued by the Company to domestic investors and subscribed for in Renminbi shall be called domestic invested shares. The shares issued by the Company to overseas investors and subscribed for in foreign currencies shall be called foreign invested shares. Foreign invested shares which are listed outside the PRC are known as overseas listed foreign invested shares.

Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions, other than Renminbi, which are recognized by the State's foreign exchange supervisory department and which may be used for payment of shares to the Company.

Shareholders of the domestic invested shares of the Company may have their domestic unlisted shares converted into overseas listed shares and have them listed and circulated on overseas stock exchanges, but shall comply with the relevant regulations of the CSRC and entrust the Company to do the filing with the CSRC. The transferred or converted shares shall be listed and traded on overseas stock exchanges and shall comply with the regulatory procedures, rules and requirements of overseas stock markets. A shareholders' meeting or class meeting is not required for listing and trading of the transferred shares on an overseas stock exchange or for the conversion of domestic invested shares into foreign invested shares and their listing and trading on an overseas stock exchange. Upon conversion of domestic invested shares into foreign invested shares listed overseas, the shares will be regarded as the same class of shares as the original foreign invested shares listed overseas.

Article 19 Foreign invested shares issued by the Company and listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) and domestic invested shares filed with the CSRC listed and traded on the Stock Exchange shall be called H shares. H shares means the shares which are approved to be listed on the Stock Exchange, whose par value is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Article 20 The exclusive promoter of the Company is: Zhejiang Provincial High Class Highway Investment Company Limited (浙江省高等級公路投資有限公司) (according to the document “Zhe Zheng Fa [2001] No. 42”, it was subsequently reorganized as Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司)), and subscribed the amount of 2,909,260,000 shares with par value of Renminbi one per share, upon the establishment of the Company, the promoter made a capital contribution from their net assets and the capital contribution has been in place.

Article 21 On April 18, 1997, with the approval of the Securities Committee of the State Council, the Company issued 1,433,854,500 overseas listed foreign shares, subscribed in foreign currency and listed overseas, to the overseas investors for the first time, and was listed on the Stock Exchange on May 15, 1997.

The total number of shares of the Company is 6,038,114,642, and are all ordinary shares, of which 4,014,778,800 domestic invested shares are held by Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), accounting for approximately 66.49% of the total shares of the Company; and 2,023,335,842 overseas listed foreign invested shares are held by holders of overseas listed foreign invested shares, accounting for approximately 33.51% of the total shares of the Company.

Article 22 The Company or its subsidiaries (including the Company’s affiliated enterprises) shall not provide any financial assistance in the form of gifts, advances, guarantee, borrowings and etc. for any person to acquire shares of the Company or its parent company, save for the implementation of the Company’s employee share ownership plan.

For the interests of the Company, the Company may provide financial assistance for any person to acquire shares of the Company or its parent company, subject to the approval of a resolution passed by the shareholders’ meeting or a resolution made by the board of directors pursuant to the authorization conferred by these Articles of Association or the shareholders’ meeting; provided that the aggregate amount of such financial assistance shall not exceed 10% of the total issued share capital of the Company. Any resolution of the board of directors in this regard shall be passed by two-thirds or more of all the directors.

Section 2 Increase, Reduction and Repurchase of Shares

Article 23 According to its operational and development requirements, the Company may, pursuant to the laws and regulations and with the approval by resolution at the shareholders’ meeting, increase its capital by the following methods:

- (1) issuance of shares to nonspecific investors;
- (2) issuance of shares to specific investors;
- (3) issuance of bonus shares to existing shareholders;
- (4) capitalization of reserve fund;
- (5) other means as prescribed by the laws, administrative regulations and the CSRC.

Article 24 The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures set out in the Company Law, other relevant regulations and these Articles of Association.

When the Company increases or reduces its registered capital, it shall register the change with the company registration authority in accordance with the law.

Article 25 When the Company reduces its registered capital, the Company will prepare a balance sheet and an inventory of assets.

The Company will notify its creditors within 10 days from the date on which the resolution for the reduction of capital has been passed at shareholders' meeting and publish a notice in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days thereof. The creditors who have received such notice shall, within 30 days thereafter, and those creditors who have not received such notice shall, within 45 days from the date the notice is published, be entitled to require the Company to repay the debt or to provide corresponding guarantees for the debt.

Where the Company reduces its registered capital, the reduction amount of the capital contribution or the shares for the shareholders shall be in proportion to their respective shareholdings accordingly, except as otherwise stipulated by applicable laws or these Articles of Association.

Article 26 The Company shall not repurchase its own shares, except in any of the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merger with other companies which hold shares of the Company;
- (3) using shares for employee shareholding plans or for equity incentives;
- (4) purchasing the shares held by shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;
- (5) using the shares for conversion of convertible corporate bonds issued by the Company;
- (6) necessary acts by the Company to maintain its value and protect the interests of the shareholders.

If the Company repurchases shares for the circumstances set out in subparagraphs (1) and (2) of the first paragraph of this Article, it shall be subject to a resolution of the shareholders' meeting. If the Company repurchases shares for the circumstances set out in subparagraphs (3), (5) and (6) of the first paragraph of this Article, such repurchase may, in accordance with the provisions of these Articles of Association or an authorization granted by shareholders' meeting, be subject to a resolution adopted at a meeting of the board of directors where two-thirds or more of all the directors of the Company attend.

If the Company repurchases shares for the circumstances set out in the first paragraph of this Article, the shares repurchased under subparagraph (1) shall be cancelled within 10 days from the date of acquisition; shares repurchased under subparagraphs (2) and (4) shall be transferred or cancelled within 6 months; and shares repurchased by the Company under subparagraphs (3), (5) and (6) shall not exceed 10% of the Company's total issued shares, and the shares acquired shall be transferred or cancelled within 3 years.

Section 3 Transfer of Shares

Article 27 The shares of the Company shall be transferred in accordance with the law.

Article 28 The Company shall not accept its own shares as the subject matter of a pledge right.

Chapter 4 Shareholders

Article 29 The Company establishes a register of shareholders on the basis of the certificate provided by the securities registrar, and such register of shareholders constitutes conclusive evidence of the shareholders' ownership of the Company's shares. Shareholders shall enjoy rights and bear obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and bear the same obligations.

Article 30 In the event that the Company convenes a shareholders' meeting, distributes dividends, enters into liquidation or carries out other activities for which the ascertainment of the shareholder's identity is necessary, the board of directors or the convener of shareholders' meetings shall ascertain the shareholding registration day and those shareholders who remain on the register upon the close of such day shall be the shareholders of the Company with the relevant rights.

Article 31 A shareholder of the Company shall enjoy the following rights:

- (1) to obtain dividends and other forms of profit distribution in accordance with the number of shares he holds;
- (2) to request to convene, assemble, hold and attend shareholders' meetings personally or by proxy, and exercise their corresponding voting right according to the laws;
- (3) to supervise the operation of the Company, and to make proposals or inquiries in relation thereto;
- (4) to transfer, donate or pledge shares they hold in the Company in accordance with laws, administrative regulations and the provisions of these Articles of Association;
- (5) to inspect and duplicate these Articles of Association, the register of shareholders, the minutes of the shareholders' meetings, the resolutions of the board of directors and the published and disclosed financial and accounting reports; shareholders who meet the prescribed requirements may inspect the Company's accounting books and accounting vouchers;
- (6) to participate in the distribution of the remaining assets in accordance with his shareholding upon the dissolution or liquidation of the Company;
- (7) to request the Company to purchase their shares for the shareholders who object to the resolution on merger or division of the Company made by the shareholders' meetings;
- (8) other rights conferred by these Articles of Association, relevant laws, regulations and departmental rules.

Any shareholder requesting to inspect or duplicate the relevant materials as set forth in the preceding Article shall, in compliance with the provisions of the Company Law, the Securities Law and other applicable laws and administrative regulations, furnish the Company with a written document evidencing the class and number of shares of the Company he/she holds, and the Company shall provide the materials in accordance with such shareholder's request and relevant provisions upon verification of the shareholder's identity.

Article 32 A holder of share(s) of the Company shall undertake the following obligations:

- (1) to observe laws, administrative regulations and these Articles of Association;
- (2) to pay the subscription monies in accordance with the number of shares subscribed for and in the manner of subscription;
- (3) not to withdraw his/her capital contribution unless required by the laws, administrative regulations;
- (4) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- (5) other obligations provided by laws, administrative regulations and these Articles of Association.

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation according to the laws. If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts owed by the Company.

Chapter 5 Shareholders' Meetings

Article 33 The shareholders' meeting of the Company shall be composed of all shareholders of the Company. The shareholders' meeting is the governing body of the Company and it shall in accordance with relevant laws exercise the following powers:

- (1) to elect and replace directors who are not staff representatives, and to determine the remuneration of the directors;
- (2) to examine and to approve the report of the board of directors;
- (3) to examine and to approve the plans for profit distribution and making up of losses of the Company;
- (4) to resolve on the increase or reduction in the registered capital of the Company;
- (5) to resolve on matters such as merger, division, dissolution, liquidation or change of corporate form, etc. of the Company;
- (6) to resolve on the issue of debentures of the Company;
- (7) to amend these Articles of Association;

- (8) to resolve on the appointment or dismissal of the accounting firm conducting audit of the Company;
- (9) other matters to be resolved in shareholders' meeting in accordance with the requirements of pertinent laws, administrative regulations, departmental rules and these Articles of Association.

The shareholders' meeting may authorize the board of directors to resolve on the issuance of debentures of the Company.

Article 34 Except in exceptional circumstances, such as when the Company is in crisis, without prior approval by the special resolution of the shareholders' meeting, the Company will not enter into any contract with persons other than a director, manager or other senior managerial officers whereby the management of all or substantial parts of the business of the Company shall be vested in such contracting person(s).

Article 35 Shareholders' meetings shall be divided into annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' meetings shall be convened by the board of directors. Annual shareholders' meetings shall be convened once every year and shall be held within 6 months after the end of the preceding accounting year.

Upon the occurrence of any of the following events, the Company shall convene an extraordinary shareholders' meeting within two months of the date of occurrence of such event:

- (1) the number of directors falls below the number provided by the Company Law or less than two-thirds of the number fixed by these Articles of Association;
- (2) the losses of the Company which have not been made up amount to one-third of the total share capital of the Company;
- (3) requested by shareholders holding an aggregate of 10% or more of the issued shares of the Company individually or in total;
- (4) whenever the board of directors considers necessary;
- (5) the audit committee proposes to convene the same;
- (6) any other circumstances required by the laws, administrative regulations, departmental rules or otherwise set out in these Articles of Association.

Article 36 An annual shareholders' meeting shall be convened by a notice of 21 days prior to the meeting to inform the shareholders of the time and place of the meeting and matters to be considered; an extraordinary shareholders' meeting shall be convened by a notice of 15 days prior to the meeting to inform the shareholders of the time and place of that meeting and matters to be considered.

Article 37 The contents of the proposals shall be within the scope of the functions and powers of the shareholders' meeting, contain clear issues and specific matters for resolutions, and comply with the relevant provisions of the laws, administrative regulations and these Articles of Association.

Article 38 When the Company convenes a shareholders' meeting, the board of directors, the audit committee and shareholders who individually or collectively hold 1% or more of the Company's shares shall be entitled to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company's shares shall have the right to raise interim proposals and submit them in writing to the convenor 10 days prior to a shareholders' meeting; the convenor shall, within 2 days after receipt of such interim proposals, issue a supplementary notice of the shareholders' meeting to announce the content of the interim proposals and submit such interim proposals to the shareholders' meeting for deliberation. This provision shall not apply if the interim proposal goes against the provisions of any applicable laws, administrative regulations or the Company's Articles of Association, or falls outside the scope of the functions and powers of the shareholders' meeting.

Except as provided in the preceding paragraph, the convenor shall not amend the proposals already specified in the notice of the shareholders' meeting or add new proposals after the notice of the shareholders' meeting has been issued.

Article 39 Proposals which are not specified in the notice of the shareholders' meeting or which do not comply with Articles 37 and 38 of these Articles of Association shall not be voted and resolved in a shareholders' meeting.

Article 40 A notice of shareholders' meeting shall be in writing and include the following:

- (1) the time, place and the duration of the meeting;
- (2) matters and proposals submitted for deliberation;
- (3) it shall expressly specify in writing that all shareholders are entitled to attend the shareholders' meeting, and may appoint proxies in writing to attend the meeting and exercise voting rights on their behalf, and such proxies need not be shareholders;
- (4) any other matters required to be set out in the laws, administrative regulations, departmental rules or the Listing Rules.

Article 41 Notice of a shareholders' meeting is served by way of announcement or any other form which complies with the conditions set by the regulatory authorities on all shareholders (whether or not such shares carry the right to vote at the shareholders' meeting).

Once the announcement has been made, all holders of shares shall be deemed to have received notice of the shareholders' meeting.

Article 42 A shareholder may attend a shareholders' meeting in person or appoint a proxy to attend and vote on his/her behalf. Where a shareholder appoints a proxy to attend a shareholders' meeting, the shareholder shall specify the matters, powers and term of the proxy's authorization; and the proxy shall submit a power of attorney issued by the shareholder to the Company and exercise voting rights within the scope of the authorization.

An individual shareholder attending the meeting in person shall produce his/her valid identity card or other valid identity document or certificate; a proxy for others shall present his/her own valid identification together with the appointing shareholder's power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by its legal representative. The legal representative shall produce his/her valid identity card and documentation evidencing his/her status. A proxy of a corporate shareholder shall produce his/her valid identity card and a power of attorney issued by the corporate shareholder's legal representative.

Where a proxy form is signed by an authorized signatory, the underlying power of attorney or authorization document conferring signing authority must be notarized. Such notarized documents, along with the proxy form, shall be kept at the Company's registered address or such other place as specified in the meeting notice.

Article 43 Resolutions of shareholders' meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' meeting shall be passed by more than half of the votes cast by the shareholders present in person or by proxy at the shareholders' meeting.

A special resolution of a shareholders' meeting shall be passed by two thirds or more of the votes cast by the shareholders present in person or by proxy at the shareholders' meeting.

Article 44 A shareholder (including his proxy) may exercise voting rights at the shareholders' meeting according to the number of shares which carry the right to vote held by him and each share shall have one vote. Shares held by the Company shall not carry any voting right and shall not be counted into the total shares with voting rights present at the shareholders' meeting.

Article 45 The shareholders' meeting shall be held by registered ballot.

Article 46 The following matters shall be passed by ordinary resolution at a shareholders' meeting:

- (1) the working report of the board of directors;
- (2) plans for profit distribution and for making up of losses prepared by the board of directors;
- (3) appointment and dismissal of the members of the board of directors and their remuneration and method of payment;
- (4) other matters except those required by the laws, administrative regulations or these Articles of Association to be passed by special resolution at a shareholders' meeting.

Article 47 The following matters shall be passed by special resolution at the shareholders' meeting:

- (1) an increase or reduction of the registered share capital of the Company;
- (2) the merger, division, dissolution and liquidation of the Company;
- (3) amendments to these Articles of Association;
- (4) other matters which are provided for by the laws, administrative regulations or these Articles of Association and resolved by ordinary resolutions in shareholders' meeting to be of material effect to the Company, which are to be passed by special resolutions.

Article 48 Shareholders who request to convene an extraordinary shareholders' meeting or a class shareholders' meeting shall follow the procedures set out below:

- (1) shareholders who individually or collectively hold 10% or more of the voting rights of all the shares having the right to vote in such a meeting shall have the right to request the board of directors to convene an extraordinary shareholders' meeting or a class shareholders' meeting. Such request shall be done in writing.

The board of directors shall, in accordance with the provisions of the laws, administrative regulations and these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary shareholders' meeting or a class shareholders' meeting within 10 days after receiving the request.

If the board of directors agrees to convene an extraordinary shareholders' meeting or a class shareholders' meeting, it shall give notice of the convening of the shareholders' meeting or the class shareholders' meeting within 5 days of such resolution of the board of directors, and any changes to the original request in the notice shall be subject to the consent of the shareholders concerned.

- (2) if the board of directors does not agree to convene an extraordinary shareholders' meeting or a class shareholders' meeting or does not provide feedback within 10 days of the receipt of the aforesaid written requisitions, shareholders who individually or collectively hold 10% or more of the voting rights of all the shares having the right to vote in such a meeting shall have the right to propose to the audit committee to convene an extraordinary shareholders' meeting or a class shareholders' meeting and shall submit their request in writing. If the audit committee agrees to convene an extraordinary shareholders' meeting or a class shareholders' meeting, it shall, within 5 days of receipt of such request, issue a notice of convening the shareholders' meeting or the class shareholders' meeting, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.
- (3) if the audit committee fails to issue the notice of the shareholders' meeting or the class shareholders' meeting within the prescribed period, the audit committee shall be deemed not to convene and preside over the shareholders' meeting or the class shareholders' meeting, and shareholders who individually or collectively hold 10% or more voting rights of all the shares having the right to vote in such a meeting for 90 or more consecutive days may convene and preside over the meeting on their own.

Article 49 The audit committee has the right to propose to the board of directors to convene an extraordinary shareholders' meeting, and the proposal to the board of directors shall be in writing. The board of directors shall, in accordance with the provisions of laws, administrative regulations and these Articles of Association, give a written feedback on whether to agree or disagree with the meeting within 10 days upon receipt of the proposal.

When the board of directors agrees to convene an extraordinary shareholders' meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of the audit committee.

When the board of directors does not agree to convene an extraordinary shareholders' meeting or does not provide feedback within 10 days upon receipt of the written proposal, the board of directors shall be considered to be unable or fail to perform the duty of convening an extraordinary shareholders' meeting. The audit committee can convene and preside over the meeting on its own.

Expenses for the shareholders' meetings convened by the audit committee or the shareholders by themselves shall be borne by the Company.

Article 50 A shareholders' meeting shall be presided by the chairman of the board of directors. If the chairman of the board of directors cannot attend the meeting, the meeting shall be chaired by a director elected jointly by more than half of the directors.

The convener of the audit committee (i.e., the chairman of the audit committee) shall preside over the shareholders' meeting convened by the audit committee itself. If the convener of the audit committee is unable to perform his duties or does not perform his duties, a member of the audit committee jointly elected by more than half of the members of the audit committee shall preside.

A shareholders' meeting convened by the shareholders themselves shall be presided over by the convener or a representative elected by the convener.

Article 51 The chairman of the meeting shall announce the vote and the result of each proposal and the decision on whether a resolution of the shareholders' meeting is passed.

Article 52 If the chairman of the meeting has any doubt as to the result of voting on any resolution, he may have the votes counted. If the chairman of the meeting does not make a count of such votes, any shareholder or the shareholder's proxy present at the meeting who disputes the result announced by the chairman of the meeting shall be entitled to request a count of the votes immediately after the declaration of the poll result and the chairman of the meeting shall forthwith proceed with such counting.

Article 53 The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed by the presiding officer and the directors present at the meeting. The minutes of the meeting together with the signature book of the shareholders attending the meeting shall be kept at the Company.

Article 54 Where any shareholder of the Company is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting 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.

Chapter 6 Special Procedures for Class Shareholders Voting

Article 55 Shareholders holding different classes of shares shall be classified as class shareholders.

Class shareholders shall enjoy rights and undertake obligations according to laws, administrative regulations and these Articles of Association.

Article 56 If the Company proposes to vary or revoke the rights of the class shareholders, the same can only be implemented after it has been passed by a special resolution at a shareholders' meeting and also by the class shareholders so affected at the shareholders' meetings respectively convened in accordance with Articles 58 to 62 of these Articles of Association.

Upon filing with the CSRC, the transfer of all or part of the shares held by shareholders of the domestic invested shares of the Company to overseas investors, or the conversion of all or part of the domestic invested shares held by them into foreign invested shares and have them listed and traded on an overseas stock exchange shall not be deemed to be a proposed change or abrogation of the rights of the class shareholders of the Company.

Article 57 The following situations shall be considered as a variation or abrogation of the rights of a certain class of shareholders:

- (1) the increase or reduction of the number of shares of that class of shares or the increase or reduction of the number of shares in another class which carry the same or more right to vote, right of distribution or other privileges;
- (2) the conversion of all or part of the shares of that class to another class, or the conversion of all or part of the shares of another class into the shares of that class or the granting of such right of conversion;
- (3) the cancellation or reduction of the rights of that class of shares to receive dividends declared or accrued;
- (4) the reduction or cancellation of the preferential rights of that class of shares to receive dividends or to receive distribution of assets upon the liquidation of the Company;
- (5) the increase, cancellation or reduction of the share conversion rights, options rights, voting rights, rights of transfer, preemptive rights and rights to acquire the securities of the Company of that class of shares;
- (6) the cancellation or reduction of the rights of that class of shares to receive payment payable by the Company in a particular currency;
- (7) to create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges than those enjoyed by that class of shares;
- (8) to restrict or increase the restriction on the transfer or ownership of that class of shares;
- (9) the granting of subscription rights or conversion rights in respect of that class or another class of shares;
- (10) the increase of the rights and privileges of another class of shares;
- (11) the reorganization of the Company as a result of which different classes of shareholders assume obligations otherwise than in proportion;
- (12) the amendment or abrogation of the provisions in this Chapter.

Article 58 Whether or not the class shareholders so affected have voting rights at the shareholders' meeting, they shall have the right to vote at the meeting of class shareholders in respect of the matters mentioned in paragraphs (2) to (8) and (11) to (12) of Article 57 of these Articles of Association provided that interested shareholders shall not have the right to vote at the meeting of the class shareholders.

An interested shareholder mentioned in the preceding paragraph refers to:

- (1) in the case where the Company makes a repurchase offer to all shareholders in a proportionate manner in accordance with the provisions of these Articles of Association or repurchases its shares on a stock exchange through public dealing on a stock exchange, “interested shareholder” shall mean the controlling shareholder of the Company;
- (2) in the case where the Company repurchases its shares by way of agreement other than through a stock exchange in accordance with the provisions of these Articles of Association, “interested shareholder” shall mean the holder of the relevant shares;
- (3) in the reorganization of the Company, “interested shareholder” shall mean a shareholder who undertakes obligations to a lesser extent than other shareholders of the same class, or a shareholder who enjoys benefits which are different from those enjoyed by other shareholders of the same class.

Article 59 A resolution of the meeting of class shareholders shall be passed in accordance with Article 58 by two-thirds or more of the voting rights of the class shareholders present and having the right to vote in the meeting.

Article 60 Notice period of a class meeting shall be the same as that of a non-class shareholders’ meeting to be convened together with such class meeting. The written notice shall inform all shareholders of such class whose names appear on the register of shareholders of the matters to be considered at the meeting as well as the time and place of the meeting.

Article 61 Notice of the meeting of class shareholders need only be served on the shareholders who are entitled to vote at such meeting.

The procedures of the meeting of class shareholders shall follow as much as possible the procedures of a shareholders’ meeting and the provisions in these Articles of Association relating to the procedures of a shareholders’ meeting shall apply to the meeting of class shareholders.

Article 62 Apart from the shareholders of other classes of shares, the shareholders of domestic invested shares and shareholders of overseas listed foreign invested shares are deemed to be different classes of shareholders.

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

- (1) where, with the approval by a special resolution at a shareholders’ meeting, the Company issues, either individually or concurrently, domestic invested shares and overseas listed foreign invested shares at an interval of twelve months, and the number of domestic invested shares and overseas listed foreign invested shares proposed to be issued does not exceed 20% of the issued domestic invested shares and 20% of the issued overseas listed foreign invested shares respectively;
- (2) upon filing with the CSRC, shareholders of domestic invested shares of the Company transfer their shares to foreign investors or domestic invested shares are converted into overseas listed foreign invested shares and these shares are listed and traded on an overseas stock exchange.

Chapter 7 Board of Directors

Article 63 The Company shall have a board of directors. The board of directors shall comprise 9 directors, including 3 independent directors and 1 employee director. Employee director shall be elected by the employee representatives' meeting. The board of directors shall have 1 chairman.

Article 64 Directors shall be elected or replaced at shareholders' meeting and may be removed at the shareholders' meeting before the expiration of their term of office. Each term of office of the director shall be 3 years. Upon the expiry of the term, a director shall be eligible for re-election and reappointment.

The period during which a written notice of intention to propose a person for election as director and a written notice by that person of his willingness to be elected are to be given to the Company shall be at least 7 days, such period shall commence on the day after the date when the notice of the shareholders' meeting convened for such election is dispatched and end no later than 7 days prior to the date of such meeting.

The chairman of the board of directors shall be elected and removed by more than one-half of the directors.

Subject to relevant laws and administrative regulations, the Company in shareholders' meeting shall have the power by ordinary resolution to remove any director before the expiration of his term of office (but without prejudice to any claim for damages under any contract).

Directors need not hold any shares of the Company.

Article 65 The director may resign before the expiration of his/her term. The director shall submit a written resignation report to the Company.

If the resignation of a director causes the Company's board of directors to fall below the minimum quorum, the former director shall, before the newly elected director takes office, still perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules and these Articles of Association.

Except in the circumstances set out in the preceding paragraph, the resignation of a director shall take effect from the date the Company receives the resignation report.

Article 66 The board of directors shall have the following duties and powers:

- (1) to be responsible for convening shareholders' meeting and to report its work to the shareholders' meeting;
- (2) to implement the resolutions passed at the shareholders' meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to formulate the plans for profit distribution and plans for making up losses of the Company;
- (5) to formulate proposals for the increase or reduction of the registered capital of the Company and proposals for the issue of debentures of the Company;
- (6) to prepare proposals for material acquisitions by the Company, repurchase of the Company's shares or the merger, division, dissolution and change of corporate form of the Company;

- (7) to determine the establishment of the internal management structure of the Company;
- (8) to appoint or dismiss the manager of the Company and according to the nomination by the manager, to appoint or dismiss the deputy managers, chief financial officer, the secretary of the board and other senior managerial officers and to determine matters relating to their remuneration and rewards and penalties;
- (9) to establish the basic management system of the Company;
- (10) to formulate proposals for the amendment of these Articles of Association;
- (11) to decide on matters such as external investments, acquisition and sale of assets, pledge of assets, external guarantee matters, entrusted financial management, connected transactions and external donations within the authority of the shareholders' meeting;
- (12) to perform other duties as authorized by laws, administrative regulations, departmental rules and regulations, the securities regulatory rules of the place where the Company's shares are listed, these Articles of Association or shareholders' meeting.

Article 67 The board of directors shall perform its duties in accordance with the laws, regulations, relevant policies of the State and these Articles of Association and resolutions of the shareholders' meetings.

Article 68 The chairman of the board of directors shall exercise the following powers:

- (1) to preside over the shareholders' meetings and to convene and preside over the meetings of the board of directors;
- (2) to supervise and review the implementation of the resolutions of the board of directors;
- (3) other powers conferred by the board of directors.

Article 69 Meetings of the board of directors shall be held at least twice a year and shall be convened by the chairman of the board of directors and written notice of meeting shall be served on all directors 10 days prior to the meeting.

An extraordinary meeting of the board of directors may be convened upon requisition by shareholders with 10% or more of voting rights, one-third or more of the directors of the Company or by the audit committee. The chairman of the board shall convene and chair a meeting of the board of directors within 10 days from the date of receipt of the proposal.

Article 70 Meetings of the board of directors shall only be held if more than half of the directors are present at the meeting. Voting on board resolutions shall be on a one vote per person basis. The resolutions of the board of directors shall be passed by a simple majority of the directors.

Where a director is connected with the entity involved in resolutions of the board meeting, he/she shall not vote on the resolutions, nor shall he/she exercise the right to vote on behalf of another director. The board meeting can be held by more than half of the directors that are not connected. The resolutions of the board meeting shall be passed by more than half of the directors that are not connected.

If the number of directors that are not connected present at the board meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

Article 71 Voting on board meetings may be conducted by registered ballot or any ways permitted by law, regulations or securities regulatory rules of the place where the Company's shares are listed.

With the consent of the convenor (chairman) and provided that the directors could fully express their views, extraordinary board meetings may be held and resolutions could be passed by means of video conference, teleconference or written summons, with the resolutions signed by the participating directors. Board meetings may also be held on site and by other means at the same time.

Article 72 Meeting of the board of directors shall be attended by the directors in person. If any director is unable to attend a meeting for whatever reason, he may appoint another director by a written power of attorney to attend the meeting of the board of directors on his behalf. The power of attorney shall set out the name of the proxy, the matters entrusted, the scope of authority and the term of validity, and shall be signed or sealed by the principal.

A director appointed to attend the meeting on behalf of another director shall exercise the rights of a director within his scope of authority. If a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his rights to vote at that meeting.

Article 73 The board of directors shall cause the matters resolved at the meeting to be recorded in the minutes of the meeting. The directors present at the meeting and the person recording the minutes shall sign on such minutes. The minutes of the board meeting shall be kept as corporate files for a term of ten years.

The directors are liable for the resolutions passed at the meeting of the board of directors. If a resolution of the board of directors contravenes the laws, administrative regulations or these Articles of Association as a result of which the Company sustains substantial losses, the directors participating in the passing of such resolutions shall be liable to compensate the Company provided that if it can be proved that a director expressly objected to the resolution when the resolution was put to vote and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability.

Article 74 The minutes of the board meeting shall contain the following information:

- (1) date and venue of the meeting and the name of the convenor;
- (2) name of the directors present and name of the directors (proxies) appointed by others to attend the board meeting;
- (3) agenda of the meeting;
- (4) key points of the statements of directors;
- (5) the voting method and result of each resolution (the results shall indicate the number of votes approved, opposed or abstained).

Article 75 The board of directors of the Company shall establish an audit committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

The audit committee comprises five members, who are directors not holding senior management positions within the Company. Among them, independent directors must constitute a majority. An independent director with professional accounting expertise serves as the convener of the committee. All members of the audit committee, including the convener, shall be elected by the board of directors.

The audit committee conducts its affairs by convening meetings. Members of the audit committee unable to attend may authorize another person in writing to attend on their behalf. The audit committee shall hold meetings at least once per quarter. An interim meeting may be convened upon the request of two or more members, or when the convener deems it necessary. A meeting of the audit committee requires the presence of two-thirds or more of its members to proceed.

In principle, notice of a meeting of the audit committee along with relevant materials and information must be provided to all members no later than three days before the meeting date. In urgent situations requiring a prompt meeting, notice may be given at any time via telephone or other oral means. Meetings of the audit committee shall be convened and chaired by the chairman of the audit committee. If the chairman is unable or unwilling to perform the duties, a majority of the committee members may jointly recommend one member to convene and chair the meeting.

Resolutions of the audit committee shall be adopted by affirmative votes of a majority of its members. Each member of the audit committee shall have one vote in the voting on resolutions.

Resolutions of the audit committee shall be recorded in the meeting minutes in accordance with the relevant regulations, and all attending members shall sign the minutes.

Chapter 8 Secretary to the Board of Directors of the Company

Article 76 The Company shall have a secretary of the board of directors. The secretary of the board of directors shall be a senior managerial officer of the Company.

Article 77 The secretary of the board of directors of the Company shall be a natural person who shall have the necessary professional knowledge and experience. He/She is responsible for organizing shareholders' meetings and board meetings, maintaining records and shareholder information of the Company, and handling information disclosure matters. The secretary of the board of directors shall be appointed and dismissed by the board of directors and assumed by 1 person.

Chapter 9 The Company's Manager

Article 78 The Company shall have 1 manager, 6 deputy managers, who shall be appointed or dismissed by the board of directors.

Article 79 The manager shall be accountable to the board of directors and shall perform the following functions:

- (1) to be in charge of the production and business operation of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the annual business plan and investment program of the Company;
- (3) to prepare plans for the establishment of the internal management structure of the Company;
- (4) to prepare the basic management systems of the Company;
- (5) to formulate specific rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the deputy manager(s) and the chief financial officer of the Company;
- (7) to appoint or dismiss principal management personnel other than those whose appointment or dismissal shall be decided by the board of directors;
- (8) other powers conferred by these Articles of Association and the board of directors.

Article 80 The manager may attend the meetings of the board of directors.

Article 81 In performing their duties, the manager and the deputy managers shall not alter the resolutions of the shareholders' meeting or of the board of directors or exceed the scope of their authority.

Article 82 In performing their duties, the manager and the deputy managers of the Company shall act in good faith and diligently according to laws, regulations and these Articles of Association.

Chapter 10 Qualifications and Obligations of the Directors, General Manager and Other Officers of the Company

Article 83 A person may not serve as a director, general manager or other officer of the Company if any of the following circumstances apply:

- (1) the person lacks civil capacity or such capacity is otherwise being restricted;
- (2) the person has been convicted of an offence of corruption, bribery, misappropriation or embezzlement of properties or violating social and economic order, or the person has been deprived of political rights due to conviction and less than 5 years have elapsed since the expiration of the enforcement period; where probation has been granted, less than 2 years have elapsed since the date of completion of the probationary period;
- (3) the person is a former director or factory manager or manager of a company or an enterprise which has become insolvent and such person is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;

- (4) the person was the legal representative of a company or an enterprise whose business license has been revoked or which was ordered to close as a result of the violation of the laws and who is personally liable, where less than 3 years have elapsed since the date of revocation of the business license of such company or enterprise or such company or enterprise being ordered to close;
- (5) the person has a relatively large amount of personal indebtedness which is due and outstanding and has been listed as a dishonest person subject to enforcement by the People's Court;
- (6) a person who is under a penalty of prohibited access to the securities market imposed by the CSRC, which is still effective;
- (7) other circumstances restricted by the laws, administrative regulations or departmental rules.

In case that the election or appointment of any director, or the engagement of the general manager or other senior managerial officer is in violation of the provisions in this Article, the said election, appointment or engagement shall be void. Where any of the circumstances in the first paragraph of this Article happens to any director or other senior managerial officer during his/her term of office, the Company shall remove him/her from such office.

Article 84 The directors shall comply with the provisions of laws, administrative regulations and these Articles of Association, bear the following responsibilities of diligence to the Company and shall exercise the reasonable care that the management shall typically have for the Company's best interests in performing their duties:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations, departmental rules and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (2) to be fair to all shareholders;
- (3) to timely understand the business operations and management of the Company;
- (4) to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to provide the status and information to the audit committee honestly, and not to hinder the audit committee from exercising their powers;
- (6) other responsibilities of diligence stipulated in the laws, administrative regulations and these Articles of Association.

This Article concerning the duty of diligence shall also apply to senior managerial officers.

Article 85 The directors shall comply with the relevant provisions of the laws, administrative regulations, and these Articles of Association, and shall fulfill the fiduciary obligation to the Company as follows, and shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not use their powers to gain undue benefits:

- (1) not to take advantage of his/her functions and powers to bribe or accept other illegal income;

- (2) not to misappropriate the property of the Company or the funds of the Company;
- (3) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;
- (4) not to conclude any contract or enter into any transaction with the Company directly or indirectly, without reporting to the board of directors or the shareholders' meeting, and without being approved by a resolution of the board of directors or the shareholders' meeting in accordance with the provisions of these Articles of Association;
- (5) not to take advantage of their positions to seek business opportunities for themselves or others that should have otherwise been available to the Company, except where they have been reported to the board of directors or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or where the Company, according to the laws, administrative regulations, or the provisions of these Articles of Association, cannot utilize such business opportunities;
- (6) not to operate for themselves or others any business identical with that of the Company, without reporting to the board of directors or the shareholders' meeting and obtaining approval through a resolution of the shareholders' meeting;
- (7) not to accept and embezzle commission arising from the Company's involved transactions with others;
- (8) not to disclose the secrets of the Company without authorization;
- (9) not to damage the interests of the Company by taking advantage of his/her position;
- (10) other fiduciary obligations stipulated in the laws, administrative regulations, departmental rules and these Articles of Association.

The income derived by the directors in violation of this Article shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

This Article concerning the fiduciary duty shall also apply to senior managerial officers.

Close family members of directors and senior managerial officers, enterprises directly or indirectly controlled by directors, senior managerial officers or their close family members, and connected persons having other connected relationships with directors and senior managerial officers, when entering into contracts or conducting transactions with the Company, are subject to the provisions of subparagraph (4) of the second paragraph of this Article.

Chapter 11 Financial Accounting System and Distribution of Profits and Audit

Article 86 The Company shall establish the financial accounting system of the Company in accordance with the provisions of the Accounting Law of the PRC and relevant laws, administrative regulations and state regulations.

Article 87 The Company shall prepare a financial accounting report at the end of each accounting year and shall be audited by an accounting firm in accordance with law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the provisions of the Ministry of Finance of the PRC.

Article 88 The financial report prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents issued by local government or supervisory authorities shall be submitted by the board of directors of the Company to the shareholders at each annual shareholders' meeting.

Article 89 The financial report of the Company shall be made available at the registered address of the Company for inspection by shareholders 20 days prior to the holding of the annual shareholders' meeting. Each shareholder of the Company shall be entitled to obtain the financial report mentioned in these Articles of Association.

Copies of the director's report, aforesaid financial report, together with the balance sheet and profit and loss account, shall be provided to the holders of H shares at least 21 days prior to the annual shareholders' meeting.

Article 90 The Company shall announce two financial reports in each accounting year. The interim report shall be announced within 60 days after the first 6 months of an accounting year and the annual financial report shall be announced within 120 days after the end of the accounting year.

Article 91 No accounting books other than those provided by law shall be established by the Company. No funds of the Company shall be deposited under any account opened in the name of any individual.

Article 92 The Company shall have an internal audit system, and have full-time audit staff, for the carrying out of internal audit and supervision on the financial matters and economic activities of the Company.

Article 93 The internal audit system of the Company and the duties of the auditors shall be implemented upon the approval of the board of directors. The head of audit shall be responsible and report to the board of directors.

Article 94 The Company pays dividends in foreign currency or RMB in accordance with the regulations of foreign exchange management and cross-border RMB management, etc. Where dividends or other distributions are paid by the Company in foreign currency, the exchange rate shall be the average closing price of such foreign currency to Renminbi declared by the People's Bank of China in the 5 trading days immediately preceding the date of the declaration of dividends or other distributions or in accordance with other exchange rates regulated or permitted by the relevant laws and regulations.

Article 95 The Company shall allocate 10% of the profit after tax to the statutory reserve fund. It needs not allocate further amount if the accumulated amount of the statutory reserve fund represents 50% or more of registered capital.

Article 96 If the statutory reserve fund is not sufficient to make up the losses of the Company in the preceding years, the profits of that year shall be used for making up such losses before the allocation to the statutory reserve fund.

Article 97 Where resolutions have been passed in the shareholders' meeting, the Company may make allocation to the discretionary reserve fund after the allocation to the statutory reserve fund has been made.

Article 98 After the Company has made good its losses and made appropriation to its statutory reserve fund, any remaining profits after tax shall be distributed to the shareholders in proportion to their respective shareholdings.

Where the Company pays any dividends to the shareholders in breach of the Company Law, shareholders shall return dividends paid in breach of the Company Law to the Company.

No profit shall be distributed for any shares issued by the Company and held by the Company

Article 99 The reserve fund of the Company shall be used for making up losses of the Company, expansion of the production and operation of the Company and conversion into additional registered capital of the Company.

To make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be utilized first. If they are still insufficient, the capital reserve fund may be utilized in accordance with the regulations.

When the statutory reserve fund is converted into registered capital, the amount remaining in such statutory reserve fund shall not be less than 25% of the registered capital of the Company prior to the conversion.

Article 100 Dividends of the Company of each year shall be paid within 6 months after the end of each financial year to each shareholder in proportion to their respective shareholding. The annual dividends shall be passed by shareholders in shareholders' meeting, and the amount of dividends to be distributed shall be proposed by the Board of Directors.

The Board of Directors may determine to distribute interim dividends after approval by the shareholders in shareholders' meeting.

After the resolution on the profit distribution plan is made at the shareholders' meeting of the Company, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months after the shareholders' meeting.

Article 101 The Company shall appoint receiving agents on behalf of the shareholders of overseas listed foreign invested shares. Receiving agents shall receive on behalf of the relevant shareholders dividends distributed and other monies payable by the Company in respect of the overseas listed foreign invested shares.

The receiving agent appointed by the Company shall comply with the laws and the requirements of the regulations of the stock exchange where the shares of the Company are listed.

Chapter 12 Appointment of Accounting Firm

Article 102 The Company shall appoint an independent accounting firm which meets the requirements of the Securities Law and the Listing Rules to audit the accounting statements, verify the net assets of the Company and to provide other relevant consultation services. The accounting firm shall be engaged with a term of one year and is renewable upon reappointment.

Employing an accounting firm for the Company must be decided by a resolution passed at the shareholders' meeting. The board of directors shall not appoint an accounting firm before the decision of the shareholders' meeting.

Article 103 The Company shall ensure that the accounting documents, books of accounts, financial reports and other accounting information provided to the accounting firm appointed is true and complete without any refusal, concealment or false statement.

Article 104 The audit fee of the accounting firm shall be decided by the shareholders in shareholders' meeting.

Article 105 When the Company dismisses or does not re-appoint an accounting firm, it shall give advance notice of at least 15 days to the accounting firm. The accounting firm shall be permitted to make representations at the shareholders' meeting where a voting process concerning the dismissal of such accounting firm is carried out. Where the accounting firm resigns, it shall state in the shareholders' meeting whether or not there are situations of irregularities in the Company.

Chapter 13 Merger and Division of the Company

Article 106 The merger of the Company may take the forms of merger of absorption and merger by establishment of a new company.

A company that absorbs another company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by new establishment whereby the merged companies shall be dissolved.

In the event of merger of the Company, the parties involved in the merger shall execute a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify the creditors within 10 days from the date of the merger resolution and shall make announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days thereof.

The creditors shall, within 30 days since the date of receiving a written notice or within 45 days since the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts or to provide a corresponding guarantee.

After completion of the merger, the creditor's rights and debts of the parties involved in the merger shall be assumed by the company surviving the merger or the new company established after the merger.

Article 107 In the event of a division of the Company, its assets shall be divided accordingly.

In the event of a division of the Company, the balance sheet and list of assets shall be prepared. The Company shall notify the creditors within 10 days from the date of the division resolution and shall make an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days thereof.

The liabilities of the Company prior to the division shall be undertaken by the companies jointly and severally after such division, except as otherwise stated in the written agreement entered into between creditors and the Company for debt settlement prior to the division.

Article 108 In the event of a merger or division of the Company, alterations in the registered matters of the Company shall be registered at the company registration authorities in accordance with law; in the event of a dissolution of the Company, the cancellation of registration shall be made in accordance with law; in the event of the setting up of a new company, the registration of incorporation thereof shall be made in accordance with law.

Chapter 14 Liquidation of the Company upon Dissolution

Article 109 The Company shall dissolve for the following reasons:

- (1) the expiry of the term of business operation specified in these Articles of Association or occurrence of other dissolution reasons as stipulated in these Articles of Association;
- (2) a shareholders' meeting resolves to dissolve the Company;
- (3) dissolution of the Company is necessary due to a merger or division of the Company;
- (4) the Company's business license is revoked, or the Company is ordered to close or is canceled according to law;
- (5) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of 10% or more of the voting rights can make a petition to the People's Court to dissolve the Company.

Where the Company encounters the cause of dissolution as prescribed in the preceding paragraph, it shall, within 10 days, make public the cause of dissolution through the National Enterprise Credit Information Publicity System.

Article 110 Upon the occurrence of subparagraphs (1) and (2) as described in Article 109 of these Articles of Association, the Company may continue to exist by amending these Articles of Association or by a resolution of the shareholders' meeting.

Amendments to these Articles of Association pursuant to the preceding paragraph or by a resolution of the shareholders' meeting shall be approved by votes representing two-thirds or more of the voting rights held by the shareholders present at the shareholders' meeting.

Article 111 In the event that the Company is dissolved under the provisions of subparagraphs (1), (2), (4) or (5) of Article 109, it should be liquidated. The directors shall be the liquidation obligors of the Company, and a liquidation committee shall be established for liquidation within 15 days from the date of occurrence of the event for dissolution. The members of such liquidation committee shall be directors except as otherwise provided in these Articles of Association or as resolved by the shareholders' meeting to elect other persons. If the liquidation obligor fails to perform the liquidation obligation in a timely manner and causes any losses to the Company or creditors, it shall be liable for the compensation.

In case of liquidation, if no liquidation committee is established on time to proceed with the liquidation or liquidation is not carried out after the establishment of the liquidation committee, stakeholders may apply to the People's Court to designate relevant personnel for setting up the liquidation committee to proceed with the liquidation.

Article 112 The liquidation committee shall notify the creditors within 10 days of its establishment and announce the same in the newspapers or on the National Enterprise Credit Information Publicity System within 60 days. Those creditors who received the notice of the liquidation committee shall within 30 days from the date of receipt of such notice, and those who have not received the notice shall within 45 days as from the date of announcement, make any claim.

When the creditors make a claim, they shall describe the relevant matters in respect of their claim and provide evidence thereof. The liquidation committee shall register all creditors' claims.

In the course of reporting the creditors' rights, the liquidation committee shall not repay the creditors.

Article 113 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to dispose of the properties of the Company, to prepare a balance sheet and list of assets respectively;
- (2) to give notice and make announcement to the creditors;
- (3) to deal with and liquidate the uncompleted business of the Company related to the liquidation;
- (4) to effect payment of all taxes due and taxes incurred during the liquidation process;
- (5) to settle debts and indebtedness;
- (6) to deal with the assets remaining after settlement of debts by the Company;
- (7) to represent the Company in any civil proceedings.

Article 114 After the assets of the Company have been disposed of and the balance sheet and list of assets have been completed, the liquidation committee shall prepare a liquidation plan and submit the same to the shareholders' meeting or the People's Court for confirmation.

The assets of the Company shall be used for paying liquidation expenses, wages due to the staff and workers of the Company, labor insurance expenses and statutory compensation, and for paying the taxes due and settling the debts of the Company. The remaining assets of the Company shall be distributed to the shareholders in accordance with the proportion of shares held by shareholders of the Company.

During the liquidation period, the Company still exists but shall not commence business activities not related to liquidation. No asset of the Company shall be distributed to the shareholders before repayment of the debt in accordance with the preceding paragraph.

Article 115 If the liquidation committee, after the disposal of the assets of the Company and preparation of the balance sheet and list of assets, discovers that the assets of the Company are insufficient to settle the debts, it shall make an application to the People's Court for bankruptcy and liquidation in accordance with the laws.

After the bankruptcy application is accepted by the People's Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court.

Article 116 Upon the completion of the liquidation, the liquidation committee shall prepare a liquidation report which shall be submitted to the shareholders' meeting or the People's Court for confirmation. The liquidation report shall also be submitted to the Company registration authorities, for the cancellation of the registration of the Company.

Article 117 Members of the liquidation committee shall have loyalty and diligence obligations in performing their liquidation duties.

Members of the liquidation committee who are negligent in performing their liquidation duties and cause any losses to the Company are liable to indemnify the Company. They are liable to indemnify the Company and its creditors in respect of any loss arising from their willful or material default.

Article 118 Where the Company is declared bankrupt according to the law, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

Chapter 15 Labor Management and Trade Union

Article 119 The Company shall establish labor management, personnel management, wages, welfare and social insurance systems according to laws, regulations and relevant administrative regulations of the PRC.

Article 120 The Company shall adopt an appointment system in each level of the management staff, and a contract system with other staff of the Company. The Company shall have autonomy in deciding the allocation of staff, and shall have the right to recruit and dismiss management staff and general staff on its own accord in accordance with the provisions of laws, regulations and contract.

Article 121 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for the managerial staff and general staff and workers of the Company in accordance with the relevant laws, regulations and rules of the PRC, and shall implement the provisions of the laws, regulations and the relevant stipulations relating to labor insurance and labor protection for retired and unemployed workers.

Article 122 The staff and workers of the Company shall have the right to establish a trade union, carry out trade union activities and protect the legal rights and interests of the staff and workers of the Company according to laws. The Company shall provide necessary conditions for the activities of the trade union. The Company shall also provide funds for the trade union in accordance with the laws of the PRC for the carrying out of trade union activities.

The trade union of the Company shall enter into contracts with the Company on behalf of the staff and workers of the Company collectively in accordance with the law in relation to the labor remuneration, working hours, welfare, insurance, labor safety and hygiene of the staff and workers.

Chapter 16 Party Organization

Article 123 This chapter is formulated to suit the needs of the development of socialistic market economy, establishing modern state-owned enterprise regulating system with Chinese characteristics, governing the organization and action of company, protecting the legal interests of investors, the Company and creditors, as well as pursuant to relevant laws, rules and regulations, including but not limited to, the Company Law, the Enterprise State-owned Asset Law of the People's Republic of China, and the Articles of Association of the Chinese Communist Party (the "Party Articles").

Article 124 These Articles of Association constitute a legal document that governs the organization and action of company, with binding power over investor, company, leading members of party organization (and disciplinary inspection organization), directors, as well as senior management.

Article 125 Pursuant to relevant rules under the Party Articles, the Company sets up organization of the Chinese Communist Party, carries out activities of the party. Party organization, acting as core of leadership and politic, sets direction, oversees overall situation, and ensures implementation. The Company establishes working organization of the party, providing sufficient staff for party affairs, ensures the funding needed for party organization works, and providing the necessary condition for party organization's activities.

Article 126 The Company sets up Chinese Communist Party Commission of Zhejiang Expressway Co., Ltd. (the "Party Commission") and Chinese Communist Party Disciplinary Inspection Commission of Zhejiang Expressway Co., Ltd. (the "Disciplinary Commission").

Article 127 Positions of secretary, deputy secretary and members of the Party Commission and the Disciplinary Commission are to be set up in accordance with directive given by higher level party organization, and to be elected or appointed pursuant to relevant rules under the Party Articles. Party Commission secretary and chairman of the Company should be assumed by the same person in principle. Qualified leading members of the Party Commission may assume positions within the board of directors, and the management through legal procedures. Likewise, qualified members of the board of directors, and the management may assume positions within the leading members of the Party Commission following relevant rules and procedures.

Article 128 The Company sets up working organization for party affairs independently providing party affairs working staff no less than the average staffing level for internal organizations, with party affairs working staff enjoying the same treatment as operation management staff at the same level. The Disciplinary Commission provides working staff to carry out disciplinary inspection works independently or jointly. At the same time, the Company should set up social organizations such as labor organization and communist youth league in accordance with law, safeguarding the legal interests of employees.

Article 129 The organization structure and staff hiring quotas of the Party Commission should be incorporated into corporate management structure and staff hiring quotas, with working funds of party development works constituting part of corporate management cost.

Article 130 The Party Commission shall discharge the following duties in accordance with the Party Articles and relevant rules:

- (1) to supervise and ensure the principles and policies of the party and the country are implemented at the Company, including important strategic decisions from party central committee, the state council, the provincial party committee and the provincial government.
- (2) to participate in major decisions of the Company, taking part in discussions on reform, development and stability of the Company, major operation management decisions, as well as major issues involving core interests of employees, supporting the board of directors and management in discharging their responsibilities in accordance with law.
- (3) to integrate the principle of party in charge of cadres with the board of directors' selection of management in accordance with law, as well as the management's power to select staff in accordance with law. The Party Commission should place checks on various personnel selection processes, including standards adopted, regulate procedures, participate in investigation and recommendation of candidates, ensuring the formation of a robust cadres team at the Company. Be resolute on the principle of party in charge of human resources, and fully implement the strategy of bolstering enterprise with talents.

- (4) to strengthen the supervision over management of the Company, enhance internal supervision system, integrate internal supervision resources, and improve supervision mechanism over power functioning.
- (5) to strengthen party organization development, party member development and training management at the local level, fully exert fighting spirit of local party organization and exemplary vanguard role of party members.
- (6) to discharge the main responsibility of constructing clean party and clean government, fight against corruption and support the works of the Disciplinary Commission.
- (7) to lead the Company's works on ideology and politics, the united front, development of socialist culture and ethics, development of corporate culture, as well as organizations such as labor union and communist youth league.
- (8) to work on remaining issues that the Party Commission should have participated in or decided upon.

Article 131 The main procedures for the Party Commission to participate in decision making:

- (1) the Party Commission holds meetings to discuss major issues to be decided upon by the board of directors and management, providing advices and recommendations. The Party Commission can propose other major issues to the board of directors and the management for consideration should it believe that they need to be decided by the board of directors and management.
- (2) members of the Party Commission who are also members of board of directors, the management, especially the chairman of the board and general manager, should communicate with other members of board of directors and management about the advices and recommendations from discussions held by the Party Commission before the subjects are formally presented to the board of directors or management.
- (3) Members of the Party Commission who are also members of board of directors and management should expressly convey the advices and recommendations from discussions held by the Party Commission during the decision making process of the board of directors and management, and report the decisions made to the Party Commission in a timely manner.
- (4) the Party Commission must propose to repeal or delay any decision made by the board of directors or management should it find them contradicting with the courses, principles and policies of the party or the laws and regulations of the country, or that they may damage the legal interests of the country, the public, the enterprise and the employees. If the decision is not rectified, it must be reported to the higher level party organization in a timely manner.
- (5) the decision making at the Party Commission must reflect collective leadership, democratic centralism, individual consultation, and decision after group consultation. Major decisions should be reached after full consultation, going through scientific, democratic and legal processes.

Article 132 The Company can hold extraordinary board meeting upon proposal from the Party Commission.

Article 133 The board of directors and management should take note of advices of the Party Commission prior to deciding on the Company's major issues.

Article 134 When provisions at other parts of these Articles of Association differ or conflict with provisions within this chapter, provisions within this chapter shall prevail.

Chapter 17 Procedures for Amending the Articles of Association of the Company

Article 135 The Company may amend these Articles of Association pursuant to laws, administrative regulations and the provisions of these Articles of Association.

In any of the following circumstances, the Company shall amend these Articles of Association:

- (1) if upon amendments to the Company Law, relevant laws, administrative regulations, any terms contained in these Articles of Association become inconsistent with the provisions above mentioned;
- (2) a change in the Company causes inconsistency with those contained in these Articles of Association;
- (3) the shareholders' meeting resolves to amend these Articles of Association.

Article 136 The amendments to these Articles of Association which adopted by the resolutions of the shareholders' meeting are subject to the approval of the competent authority, they shall be reported to the competent authority for approval; if the amendments involve the registered items of the Company, the Company shall apply for registration of changes in the registered items in accordance with law.

Article 137 The board of directors shall amend these Articles of Association in accordance with the resolutions of the shareholders' meeting and the review opinions of relevant competent authorities.

Article 138 Where disclosure of the revision of these Articles is required under laws and provisions, it shall be announced in accordance with the relevant provisions.

Chapter 18 Supplementary Provisions

Article 139 The newspapers in which the announcements are published as required by these Articles of Association, refer to the newspapers designated or required by the relevant laws, regulations or rules. Where the announcements are given to the shareholders of H shares according to the provisions, then such announcements shall at the same time be published in the newspapers designated by the Listing Rules in accordance with the requirements of “newspaper publications” as defined in the Listing Rules.

Article 140 The “Accounting Firm” referred to in these Articles of Association shall have the same meaning as “Auditor”; the “Independent Directors” referred to in these Articles of Association shall have the same meaning as “Independent Non-executive Directors” as defined in the Listing Rules; the “audit committee” referred to in these Articles of Association shall have the same meaning as “audit committee” as defined in the Listing Rules.

Article 141 The term “controlling shareholder” referred to in these Articles of Association refers to a shareholder whose shares account for over 50% of the total share capital of the Company; or who holds certain shares and the voting rights of such shares are sufficient to significantly influence the resolutions of the shareholders’ meeting, even if the shareholding of such shares is not over 50%.

Article 142 The expressions of “or more” used in these Articles of Association shall include the original number, while the expressions of “more than”, “over”, “fall below”, “less than” and “below” shall not include the figure mentioned.

Article 143 The interpretation of these Articles of Association shall be vested in the board of directors of the Company.