

ZHEJIANG EXPRESSWAY CO., LTD.

ARTICLES OF ASSOCIATION

10th November, 2023

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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 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 Administrative Bureau for Industry and Commerce 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, 199 Wuxing Road, 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 RMB4,343,114,500.

Article 6 The chairman of the board of directors shall be the legal representative of the Company.

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, supervisors, 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, supervisors, managers and other senior managerial officers of the Company; the Company may institute legal proceedings against shareholders, directors, supervisors, managers and other senior managerial officers of the Company.

The manager, deputy manager, chief financial officer and secretary of the board of directors of the Company are the senior managerial officers of the Company.

Article 10 The entire capital of the Company is divided into shares of equal par value. Shareholder 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 assets.

Article 11 The Company may invest in other enterprises; however, unless otherwise provided by law, it may not become the investor jointly and severally liable for the debts of the enterprise invested.

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 (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 (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 shall rank pari passu.

Shares issued at the same time in the same class shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual 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’ general 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 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 4,343,114,500, and are all ordinary shares, of which 2,909,260,000 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 67% of the total shares of the Company; and 1,433,854,500 overseas listed foreign invested shares are held by holders of overseas listed foreign invested shares, accounting for approximately 33% of the total shares of the Company.

Article 22 The Company or its subsidiaries shall not provide any assistance in the form of gifts, advances, guarantee, compensation or loans and etc. to any person who purchases or plans to purchase the shares of the Company. The above-mentioned person who purchases the shares of the Company includes person who directly or indirectly assumes obligations due to the purchase of shares.

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' general meeting, increase its capital by the following methods:

- (1) public issuance of shares;
- (2) non-public issuance of shares;
- (3) issuance of bonus shares to existing shareholders;
- (4) capitalization of reserve fund;
- (5) other means stipulated in the laws, administrative regulations and approved by 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 shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date on which the resolution for the reduction of capital has been passed and shall publish a notice in a newspaper 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.

The registered capital of the Company after the reduction of capital shall not fall below the minimum amount required by law.

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

- (1) reduction of the issued share capital and 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' general 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 the first paragraph of this Article, it shall obtain approval by resolution of the shareholders at the general meeting.

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 and the registered capital shall be deducted accordingly; 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 may be transferred in accordance with the law.

Article 28 The Company shall not accept its own shares being held as security under a pledge.

Chapter 4 Shareholders

Article 29 Where the Company issues registered shares, it shall establish a register of shareholders on the basis of the certificate provided by the securities registrar. Where bearer shares are issued, the Company shall record the amount, number and issue date of the shares. Shareholders shall enjoy rights and bear obligations according to the type of shares they hold; shareholders holding the same type of shares shall enjoy the same rights and bear the same obligations.

Article 30 In the event that the Company convenes a shareholders' general 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' general 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 file a petition to convene, hold, attend and speak at shareholders' general 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 accordance with laws, administrative regulations, departmental rules and the provisions of these Articles of Association;
- (5) Shareholders shall have the right to inspect these Articles of Association, the register of shareholders, counterfoils of the Company's bonds, the minutes of the general meeting of shareholders, the resolutions of the board of directors, the resolutions of the supervisory committee and the published and disclosed financial and accounting reports; :
- (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 general meetings;
- (8) other rights conferred by these Articles of Association, relevant laws, regulations and departmental rules.

Any shareholder requesting for inspection of the relevant information as set forth in the preceding Article or for obtaining information shall furnish with the Company written document evidencing the class and number of shares of the Company he/she holds and the Company shall comply with such shareholder's request upon verification of the shareholder's identity.

Article 32 The Company shall not exercise any powers to freeze or otherwise impair any of the rights attaching to any share of the Company by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 33 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 price in accordance with the number of shares subscribed for and in the manner of subscription;
- (3) not to withdraw his/her 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' General Meetings

Article 34 The shareholders' general meeting is the governing body of the Company and it shall perform its functions in accordance with relevant laws.

Article 35 The shareholders' general meeting shall exercise the following powers:

- (1) to determine the business policies and investment plans of the Company;
- (2) to elect and replace directors who are not staff representatives, and to determine the remuneration of the directors;
- (3) to elect and replace supervisors who are not staff representatives, and to determine the remuneration of such supervisors;
- (4) to examine and to approve the report of the board of directors;
- (5) to examine and to approve the report of the supervisory committee;
- (6) to examine and to approve the annual financial budgets and final accounts of the Company;
- (7) to examine and to approve the plans for profit distribution and making up of losses of the Company;
- (8) to resolve on the increase or reduction in the registered capital of the Company;
- (9) to resolve on matters such as merger, division, dissolution, liquidation or change of corporate form, etc. of the Company;
- (10) to resolve on the issue of debentures by the Company;
- (11) to amend these Articles of Association;
- (12) to examine any motion put forward by shareholders individually or jointly holding 3% or more of the Company's shares;
- (13) to resolve on the appointment, dismissal or discontinuance of appointment of the accounting firm of the Company;
- (14) other matters to be resolved in shareholders' general meeting in accordance with the requirements of pertinent laws, administrative regulations, departmental rules and these Articles of Association.

Article 36 Except in exceptional circumstances, such as when the Company is in crisis, without prior approval by the special resolution of the shareholders in general 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 37 Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general 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 general 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 paid-in 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 supervisory committee proposes to convene the same;
- (6) any other circumstances required by the laws, administrative regulations or otherwise set out in these Articles of Association.

Article 38 An annual general meeting shall be convened by a notice of 20 days prior to the meeting to inform the shareholders of the time and place of the meeting and matters to be considered; an extraordinary general 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 39 The contents of the proposals shall be within the scope of the functions and powers of the shareholders' general 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 40 When the Company convenes a general meeting of shareholders, the board of directors, the supervisory committee and shareholders who individually or collectively hold 3% or more of the Company's shares shall be entitled to submit proposals to the Company.

The board of directors of the Company, supervisory committee or shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to raise interim proposals and submit them in writing to the convener 10 days prior to a general meeting; the convener shall, within 2 days after receipt of such interim proposals, issue a supplementary notice of the general meeting to announce the content of the interim proposals.

Except as provided in the preceding paragraph, the convener shall not amend the proposals already

specified in the notice of the general meeting or add new proposals after the notice of the general meeting has been issued.

Article 41 Proposals which are not specified in the notice of the general meeting or which do not comply with Articles 39 and 40 of these Articles of Association shall not be voted and resolved in a shareholders' general meeting.

Article 42 A notice of shareholders' general meeting shall be in writing and include the following:

- (1) the place, the date and the duration of the meeting;
- (2) propose the matters to be resolved;
- (3) it shall expressly specify in writing that the shareholders entitled to attend and vote at the meeting shall have the right to appoint one or more than one proxy to attend the meeting and to vote thereat and the proxy or proxies need not be a shareholder;
- (4) any other matters required to be set out in the laws, administrative regulations, departmental rules or the Listing Rules.

Article 43 Notice of shareholders' general meeting shall be served on all shareholders (whether or not such shares carry the right to vote at the shareholders' general meeting) by personal delivery or by prepaid air mail at the address recorded in the register of shareholders.

In respect of holders of domestic invested shares, notice of shareholders' general meeting may also be served by way of public announcement. The notice issued to the holders of domestic invested shares shall be published in a media that complies with the conditions set by the CSRC. Once the announcement has been made, all holders of domestic invested shares shall be deemed to have received notice of the shareholders' meeting.

Article 44 Any shareholder who is entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (whether being a shareholder or not) as his proxies to attend and vote at such meeting on his behalf. Such proxy or proxies may exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (1) the right of such shareholder to speak at the shareholders' general meeting;
- (2) to act on his own or join with other persons to demand for a poll;
- (3) to exercise the right to vote by a show of hands or by poll; however, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote on a poll.

Article 45 A shareholder shall appoint his proxy in writing signed by the appointor or an attorney authorized by him for such purpose; if the appointor is a legal entity, the same shall be affixed with the seal of such legal entity, or signed by its directors or a duly authorized representative.

Article 46 An instrument appointing a proxy shall be deposited at least 24 hours prior to the commencement of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting at the registered address of the Company or such other place as the notice of meeting may specify. If the instrument appointing a proxy has been signed by a person authorized by the appointor, the

power of attorney or other instruments of authorization shall be notarized. The power of attorney or other instruments of authorization so notarized together with the proxy form shall be deposited at the registered address of the Company or such other place as the notice of meeting may specify at the same time as the instrument appointing the proxy is so deposited.

In the event that the appointor is a legal person, such shareholder shall be represented at the shareholders' general meeting of the Company by its legal representative or the person authorized by its board of directors or other governing body of such appointor.

Article 47 The instrument delivered to a shareholder by the board of directors of the Company for appointing a proxy shall be in such form so as to enable the shareholder to instruct freely at his choice the proxy to vote in favor of or against any resolution and to give instruction on each item of the business put to vote at the meeting. Such instrument of proxy shall specify that if no instruction is given by the shareholder, the proxy may vote in the way as he thinks fit.

Article 48 Notwithstanding the death or incapacity of the appointor, or the revocation of the appointment or revocation of the authority under which the appointing instrument is signed, or the relevant shares have been transferred, a vote by such proxy pursuant to the instrument of appointment shall still be valid provided that no notice in writing in respect of the events mentioned above has been received by the Company prior to the commencement of the relevant meeting.

Article 49 The proxy who attends the shareholders' general meeting on behalf of the shareholder shall produce his own personal identification.

If a corporate shareholder appoints a legal representative to attend the meeting, such representative shall produce his own personal identification and a copy of the resolution of the board of directors or other governing body of such corporate shareholder appointing such legal representative.

Article 50 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

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

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

Article 51 A shareholder (including his proxy) may exercise voting rights at the shareholders' general 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' general meeting.

Article 52 The shareholders' general meeting shall be held by registered ballot.

Article 53 The following matters shall be passed by ordinary resolution at a shareholders' general meeting:

- (1) the working reports of the board of directors and the supervisory committee;
- (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 the members of the supervisory committee and their remuneration and method of payment;
- (4) annual financial budget, statement of final accounts;
- (5) other matters except those required by the laws, administrative regulations or these Articles of Association to be passed by special resolution at a shareholders' general meeting.

Article 54 The following matters shall be passed by special resolution at the shareholders' general 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' general meeting to be of material effect to the Company, which are to be passed by special resolutions.

Article 55 Shareholders who request to convene an extraordinary general 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 general 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 general meeting or a class shareholders' meeting within 10 days after receiving the request.

If the board of directors agrees to convene an extraordinary general meeting or a class shareholders' meeting, it shall give notice of the convening of the general 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 general 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 supervisory committee to convene an extraordinary general meeting or a class shareholders' meeting and shall submit their request in writing. If the supervisory committee agrees to convene an extraordinary general meeting or a class shareholders' meeting, it shall, within 5 days of receipt of such request, issue a notice of convening the general 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 supervisory committee fails to issue the notice of the general meeting or the class shareholders' meeting within the prescribed period, the supervisory committee shall be deemed not to convene and preside over the general 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 general meeting on their own.

Article 56 The supervisory committee has the right to propose to the board of directors to convene an extraordinary general 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 general 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 supervisory committee.

When the board of directors does not agree to convene an extraordinary general 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 general meeting. The supervisory committee can convene and preside over the meeting on its own.

Expenses for the general meetings convened by the supervisory committee or the shareholders by themselves shall be borne by the Company.

Article 57 A shareholders' general 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 half or more of the directors.

The chairman of the supervisory committee shall preside over the shareholders' general meeting convened by the supervisory committee itself. If the chairman of the supervisory committee is unable to perform his duties or does not perform his duties, a supervisor jointly elected by half or more of the supervisors shall preside.

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

Article 58 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' general meeting is passed and his determination shall be final and the same shall be announced at the meeting and recorded in the minutes of the meeting.

Article 59 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 present in person or by proxy 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 result and the chairman of the meeting shall forthwith proceed with such counting.

Article 60 In the event a count of the votes has been made at a shareholders' general meeting, the result thereof shall be recorded in the minutes of the meeting. The minutes of the meeting and summary of the meeting, together with the signature book of the shareholders attending the meeting shall be kept at the Company.

Article 61 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 62 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 63 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' general meeting and also by the class shareholders so affected at the shareholders' meetings respectively convened in accordance with Articles 65 to 69 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 64 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 65 Whether or not the class shareholders so affected have voting rights at the shareholders' general 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 64 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 66 A resolution of the meeting of class shareholders shall be passed in accordance with Article 65 by more than two-thirds of the voting rights of the class shareholders present and having the right to vote in the meeting.

Article 67 Notice period of a class meeting shall be the same as that of a non-class 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 68 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' general meeting and the provisions in these Articles of Association relating to the procedures of a shareholders' general meeting shall apply to the meeting of class shareholders.

Article 69 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' general 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 70 The Company shall have a board of directors, which accounts to the board of shareholders. The board of directors shall comprise 9 directors, of whom 3 shall be independent directors. The board of directors shall have 1 chairman.

Article 71 Directors shall be elected or replaced at shareholders' general meeting and may be removed at the shareholders' general 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 general meeting convened for such election is dispatched and end no later than 7 days prior to the date of such meeting.

The chairman the board of directors shall be elected and removed by more than one-half of the directors. The term of office of the chairman shall be 3 years and they shall be eligible for re-election and re-appointment.

Subject to relevant laws and administrative regulations, the Company in shareholders' meeting shall have the power by ordinary resolution to remove any director (including the managing director or other executive directors) 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 72 The director may resign before the expiration of his/her term. The director shall submit a written resignation report to the board of directors.

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 time the resignation report arrives at the board of directors.

Article 73 The board of directors shall be accountable to the shareholders' general meeting and 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' general meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to prepare the annual financial budget and final accounts of the Company;
- (5) to prepare the plans for profit distribution and plans for making up losses of the Company;
- (6) to prepare proposals for the increase or reduction of the registered capital of the Company and proposals for the issue of debentures of the Company;
- (7) to prepare proposals for the merger, division, dissolution, or change of corporate form of the Company;
- (8) to determine the establishment of the internal management structure of the Company;
- (9) 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;
- (10) to establish the basic management system of the Company;
- (11) to draw up proposals for the amendment of these Articles of Association;
- (12) to draw up proposals for any material acquisition or sale by the Company;
- (13) 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 general meeting of shareholders;
- (14) to perform other duties as authorized by laws, administrative regulations, departmental rules and regulations, the rules governing the securities of the place where the Company's shares are listed and these Articles of Association.

The resolutions in relation to the matters mentioned in subparagraphs (6), (7), and (11) above shall be passed by a majority of not less than two-thirds of the directors, the resolutions in relation to other matters shall be passed by a simple majority of the directors.

Article 74 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 in general meetings.

Article 75 The chairman of the board of directors shall exercise the following powers:

- (1) to preside over the shareholders' general 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) to sign share certificates, debentures and marketable securities issued by the Company;
- (4) other powers conferred by the board of directors.

Article 76 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 and supervisors 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 supervisory 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 77 The board meeting and extraordinary board meeting shall be notified in the following manner:

- (1) The notice of a meeting of the board includes the following: date and place of the meeting, duration of the meeting, subject matter and topic, and the date on which the notice was given.
- (2) if the time and place of the board meeting has not been fixed in advance by the board of directors, the chairman shall notify the directors of the time and place of the meeting of the board of directors not less than 10 days and not more than 30 days before the meeting by way of telex, telegram, facsimile, express courier or registered mail or by hand.
- (3) notices shall be written in Chinese and if necessary can be in English. Such notices shall include the agenda of the meeting. Any director may waive the right to receive notices of board meetings.
- (4) notice of a meeting shall be deemed to have been served on any director who attends the meeting and who has not disputed the receipt of such notice before or at the commencement of the meeting.
- (5) regular meeting or extraordinary board meetings can be held by telephone conference or similar communication equipment. So long as the directors participating in the meeting can clearly hear and communicate with the other directors, such directors shall be deemed to be present in person at the meeting.

Article 78 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' general meeting for consideration.

Article 79 Voting on board meetings may be conducted by registered ballot or any ways permitted by law, rules or regulatory rules governing 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 80 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 81 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 82 The minutes of the board meeting shall contain the following information:

- (1) date and venue of the meeting and the name of the convener;
- (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).

Chapter 8 Secretary to the Board of Directors of the Company

Article 83 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 84 The secretary of the board of directors of the Company shall be a natural person who shall have the necessary professional knowledge and experience and who shall be appointed and dismissed by the board of directors and assumed by 1- 2 person. His principal duties are:

- (1) to ensure the Company has complete organization documents and records;
- (2) to ensure that the Company prepares and files documents and reports as required by authorities in accordance with laws;
- (3) to ensure that the register of shareholders of the Company is properly maintained and to ensure that persons entitled to receive such records and documents are provided with the relevant records and documents without delay;
- (4) to perform the duties of company secretary as stipulated by laws and stated in these Articles of Association (including the reasonable request of the Board of Directors).

Article 85 A director or any other officer of the Company may concurrently hold the office of the secretary of the board of directors of the Company. An accountant of a firm of accountants retained as auditor by the Company shall not concurrently act as the secretary of the board of directors of the Company.

If a director acts as the secretary of the board of directors and an act is required to be done by a director and the secretary of the board of directors separately, such person who is at the same time the director and the secretary of the board of directors shall not perform such act in both capacities.

Chapter 9 The Company's Manager

Article 86 The Company shall have 1 manager, 6 deputy managers, who shall be appointed or dismissed by the board of directors.

Article 87 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 88 The manager may attend the meetings of the board of directors, but the manager, not being a director, shall not have the right to vote at the meetings of the board of directors.

Article 89 In performing their duties, the manager and the deputy managers shall not alter the resolutions of the meeting of the shareholders or of the board of directors or exceed the scope of his authority.

Article 90 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 Supervisory Committee

Article 91 The Company shall establish a supervisory committee.

Article 92 The supervisory committee shall comprise 5 persons, 1 of whom shall act as the chairman of the supervisory committee. The term of office of the supervisors shall be 3 years, after which the supervisors shall be eligible for re-election and re-appointment. The appointment and dismissal of the chairman of the supervisory committee shall be determined by a resolution passed by more than half of the members of the supervisory committee.

Article 93 The supervisory committee shall include two representatives of the staff and workers of the Company. The representatives of the staff and workers shall be elected and removed democratically by the staff and workers; whereas all the other supervisors shall be elected and removed in the shareholders' general meeting.

Article 94 The Company's directors, managers and other senior managerial officers shall not at the same time act as supervisors.

Article 95 Meeting of the supervisory committee shall be convened at least once every 6 months and shall be convened by the chairman of the supervisory committee. Supervisors may propose to convene extraordinary meetings of the supervisory committee.

Article 96 The supervisory committee shall be accountable to the shareholders' general meeting and shall carry out the following duties and powers in accordance with laws:

- (1) to inspect the financial position of the Company;
- (2) to supervise the acts of the directors, the general manager and other officers of the Company who contravene the laws, administrative regulations or these Articles of Association in discharging their duties;

- (3) to require the directors, the general manager and other officers of the Company to rectify their acts which have prejudiced the interests of the Company;
- (4) to review the financial information such as financial reports, business reports and profit distribution proposal to be submitted by the board of directors to the shareholders' general meeting; if any queries arise, the supervisors may appoint certified accountants or practicing auditors, in the name of the Company, to assist in the re-examination of the same;
- (5) to propose the convening of an extraordinary shareholders' meeting;
- (6) to represent the Company in negotiating with or in instituting legal proceedings against the directors.

The Supervisors may attend the meetings of the board of directors.

Article 97 A resolution of the supervisory committee shall be passed by half or more of the supervisors.

The supervisory committee shall cause the matters resolved in the meeting to be recorded in the minutes of the meeting. The supervisors who attend the meeting shall sign on the minutes of the meeting.

Article 98 Reasonable expenses incurred in engaging professionals such as lawyers, registered accountants and certified public auditors in the course of discharging the duties of the supervisory committee shall be borne by the Company.

Article 99 The supervisors shall carry out their supervisory duties in good faith in accordance with the laws, administrative regulations and these Articles of Association.

Chapter 11 Qualifications and Obligations of the Directors, Supervisors, General Manager and Other Officers of the Company

Article 100 A person may not serve as a director, supervisor, 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, and less than 5 years have elapsed since the expiration of the enforcement period; 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;
- (3) the person is a former director or factory manager or manager of a company or an enterprise which has become insolvent as a result of improper operation and management 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;

- (5) the person has a relatively large amount of personal indebtedness which is due and outstanding;
- (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, appointment or engagement of any director, supervisor, 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, supervisor, other senior managerial officer during his/her term of office, the Company shall remove him/her from such office.

Article 101 The validity of an act of a director, general manager and other officer of the Company acting on behalf of the Company vis-a-vis a bona fide third party shall not be affected by the irregularities in the appointment, election or qualification of such person.

Article 102 In exercising his rights or discharging his duties, the director, supervisor, general manager and other officer owes a duty to exercise the care, diligence and skill of a reasonable and prudent person acting under similar circumstances.

Article 103 The directors shall comply with laws, administrative regulations and these Articles of Association, and bear the following responsibilities of diligence to the Company:

- (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 supervisory committee honestly, and not to hinder the supervisory committee or supervisors from exercising their powers;
- (6) other responsibilities of diligence stipulated in the laws, administrative regulations and these Articles of Association.

The subparagraphs (4), (5) and (6) of the preceding paragraph concerning the duty of diligence shall also apply to senior managerial officers.

Article 104 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:

- (1) not to take advantage of his/her functions and powers to accept bribes or other illegal income, and not to misappropriate the property of the Company;

- (2) not to misappropriate 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 lend the Company's funds to others or using the Company's assets as security for others in violation of these Articles of Association and without the prior approval of the general meeting or the board of directors;
- (5) not to enter into any contract or transaction with the Company in violation of the provisions of these Articles of Association, or without the consent of the general meeting;
- (6) without the prior approval of the general meeting, not to take advantage of his/her position to seek business opportunities for himself/herself or others that should belong to the Company, or engage in business for himself/herself or others that are similar to that of the Company;
- (7) not to accept and embezzle commission arising from the Company's involved transaction;
- (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.

The provision of preceding paragraph concerning the fiduciary duty shall also apply to senior managerial officers.

Article 105 A director, supervisor, general manager and other officers of the Company shall not cause any one of the following persons or organizations ("connected persons") to do such acts which such director, supervisor, general manager and other officers are prohibited from doing:

- (1) the spouse or the minor children of the director, supervisor, general manager and other officers;
- (2) a trustee of the director, supervisor, general manager and other officers or of the persons mentioned in subparagraph (1) of this Article;
- (3) a partner of the director, supervisor, general manager and other officers or of the persons mentioned in subparagraph (1) and (2) of this Article;
- (4) companies actually and solely controlled by the director, supervisor, general manager and other officers, or companies actually and jointly controlled by the persons referred to in subparagraphs (1), (2) and (3) of this Article or the director, supervisor, general manager, and other officers of the Company;
- (5) the director, supervisor, general manager and other officers of the Company being controlled as mentioned in subparagraph (4) of this Article.

Article 106 The fiduciary duties of a director, supervisor, general manager and other officer of the Company do not necessarily cease upon the expiry of his term of office. The obligations to keep the trade secrets of the Company confidential shall survive the expiry of his term of office. The continuance of other obligations shall be determined on a fair basis depending on the length of the time between its occurrence and his departure from office and the circumstances and the conditions under which his relation with the Company was terminated.

Chapter 12 Financial Accounting System and Distribution of Profits and Audit

Article 107 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 108 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 109 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 general meeting.

Article 110 The financial report of the Company shall be prepared not only in accordance with PRC accounting standards and legal regulations, but also in accordance with international accounting standards or the accounting standards of the place outside PRC where the shares of the Company are listed. For the purpose of the distribution of profits after taxation of the Company for the relevant accounting year, the lesser amount of profit after taxation stated in the said two financial reports shall prevail.

Article 111 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 general 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 sent by prepaid post to each holder of overseas listed foreign invested shares at least 21 days prior to the annual general meeting. The address of the recipient shall be the address recorded in the register of shareholders.

Article 112 The interim results or financial information published or disclosed by the Company should be prepared in accordance with PRC accounting standards and legal regulations as well as international accounting standards or accounting standards of the place where the shares of the Company are listed.

Article 113 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 114 No books of account other than those provided by law shall be established by the Company. No assets of the Company shall be deposited under any account opened in the name of any individual.

Article 115 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 116 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 117 The profit of the Company shall be distributed in the following order of priority after payment of relevant taxes:

- (1) making up losses;
- (2) allocation to the statutory reserve fund;
- (3) payment of dividends to preferential shareholders (if any);
- (4) allocation to the discretionary reserve fund; and
- (5) payment of dividends to ordinary shareholders.

The actual proportion of distribution in each year in respect of paragraphs (4) and (5) of this Article shall be proposed by the board of directors in accordance with the operational condition and development requirements of the Company and shall be approved by the shareholders in general meeting. No dividend shall be distributed by the Company before losses have been made up and allocation to the statutory common reserve fund have been made. The Company shall not pay any interest to shareholders in respect of dividends, except those dividends which are due and payable but not yet paid by the Company.

Article 118 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 119 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 common reserve fund has reached 50% of registered capital.

Article 120 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 121 Where resolutions have been passed in the general meeting, the Company may make allocation to the discretionary reserve fund after the allocation to the statutory reserve fund has been made.

Article 122 The shareholders in general meeting or the board of directors of the Company shall not pay any dividends to the shareholders before the Company has made up its losses and has made allocation to the statutory reserve fund. The shareholders shall return dividends paid in breach of this Article to the Company.

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

Article 123 The capital reserve fund shall include the following items:

- (1) premium received in excess of the par value of the shares issued;

(2) other revenue required by the financial department of the State Council to be so included.

Article 124 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 share capital of the Company. However, capital reserve fund shall not be used to make up losses of the Company.

When the statutory reserve fund is converted into share 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 125 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 general 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 general meeting.

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

Article 126 When distributing dividends, the Company shall withhold on behalf of the shareholders the tax payable on dividend income in accordance with PRC tax law.

Article 127 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.

The receiving agent appointed by the Company on behalf of H shareholders shall be a trust company registered in accordance with the Trustee Ordinance of Hong Kong.

The Company shall not exercise power to forfeit any unclaimed dividends of the H shares before the expiration of the relevant limitation period.

Chapter 13 Appointment of Accounting Firm

Article 128 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 general meeting. The board of directors shall not appoint an accounting firm before the decision of the general meeting.

Article 129 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 130 The audit fee of the accounting firm shall be decided by the shareholders in general meeting.

Article 131 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 general 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 general meeting whether or not there are situations of irregularities in the Company.

Chapter 14 Merger and Division of the Company

Article 132 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 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 133 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 parties involved shall execute a division agreement and prepare the balance sheet and list of assets. The Company shall notify the creditors within 10 days from the date of the division resolution and shall make an announcement in newspapers 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 in accordance with the agreement entered into, except as otherwise stated in the written agreement entered into between creditors and the Company for debt settlement prior to the division.

Article 134 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 15 Liquidation of the Company upon Dissolution

Article 135 The Company shall dissolve and proceed with liquidation in accordance with law upon occurrence of any one of the following events:

- (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 special resolution is passed by the shareholders in general meeting to dissolve the Company;
- (3) dissolution of the Company is necessary due to a merger or division of the Company;
- (4) the Company is revoked of business license, ordered to close or 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 whole voting rights can make a petition to the People's Court to dissolve the Company.

Article 136 Upon the occurrence of subparagraph (1) as described in Article 135 of these Articles of Association, the Company may continue to exist by amending these Articles of Association.

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

Article 137 In the event that the Company is dissolved under the provisions of subparagraphs (1), (2), (4) or (5) of Article 135, a liquidation committee shall be set up to start within 15 days from the date of occurrence of the event for dissolution. The members of such liquidation committee shall be determined by the board of directors or the general meeting. If no liquidation committee is set up on time to proceed with the liquidation, the creditors may apply to the People's Court to designate relevant personnel for setting up the liquidation committee to proceed with the liquidation.

Article 138 The liquidation committee shall notify the creditors within 10 days of its establishment and announce the same in the newspapers 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 139 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 or 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;
- (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 140 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' general meeting or the People's Court for confirmation.

In the event that 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 of the Company in accordance with the proportion of shares held by them.

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 141 Where the Company is liquidated due to dissolution, 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 a declaration of insolvency in accordance with the laws.

After the declaration of insolvency by the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

Article 142 Upon the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report which shall be submitted to the shareholders' general 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 and announce the termination of the Company.

Article 143 Members of the liquidation committee are required to discharge their duties in good faith and perform liquidation in compliance with the laws.

Members of the liquidation committee shall be prohibited from abusing their authority to accept bribes or other unlawful income and from misappropriating the Company's properties. Members of the liquidation committee are liable to indemnify the Company and its creditors in respect of any loss arising from their willful or material default.

Article 144 Where the Company is declared bankrupt according to the law, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

Chapter 16 Labor Management and Trade Union

Article 145 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 146 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 147 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 148 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 17 Party Organization

Article 149 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 of the People's Republic of China, 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 150 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, supervisors, as well as senior management.

Article 151 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 152 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 153 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, the supervisory committee, and the management through legal procedures. Likewise, qualified members of the board of directors, the supervisory committee, and the management may assume positions within the leading members of the Party

Commission following relevant rules and procedures.

Article 154 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 155 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 156 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, supervisory committee 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 157 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 158 The Company can hold extraordinary board meeting upon proposal from the Party Commission.

Article 159 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 160 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 18 Procedures for Amending the Articles of Association of the Company

Article 161 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' general meeting resolves to amend these Articles of Association.

Article 162 The amendments to these Articles of Association which adopted by the resolutions of the general 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 163 The board of directors shall amend these Articles of Association in accordance with the resolutions of the general meeting and the review opinions of relevant competent authorities.

Article 164 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 19 Supplementary Provisions

Article 165 Where the provisions of these Articles of Association require compliance with some law in particular, and if that law is Hong Kong law and the circumstances requires that the law of Hong Kong shall apply, then it shall be interpreted as if the Company were a joint stock limited company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange, in which case the laws of Hong Kong may apply.

Article 166 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 167 The “Accounting Firm” referred to in these Articles of Association shall have the same meaning as “Auditor” in Hong Kong.

Article 168 The term “controlling shareholder” referred to in these Articles of Association refers to a shareholder whose ordinary shares (including preferred shares with voting rights restored) account for 50% or more 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 less than 50%.

Article 169 The expressions of “or more”, “or below” used in these Articles of Association shall include the original number, while the expressions of “other than”, “fall below” shall not include the figure mentioned.

Article 170 The interpretation of these Articles of Association shall be vested to the board of directors of the Company.