

**Rules and Procedures
for
Shareholders' General Meetings
of
China Petroleum & Chemical Corporation**

Revised at the Annual General Meeting for the Year 2008 on 22 May 2009

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CHAPTER 1 GENERAL PROVISIONS

- Article 1** In order to safeguard the legitimate interests of China Petroleum & Chemical Corporation (the “Company”) and its shareholders, to specify the duties, responsibilities and authority of the shareholders’ general meetings, to ensure the proper, efficient and smooth operation of the shareholders’ general meeting and to ensure the shareholders’ general meeting exercises its functions and powers according to law, these Rules are formulated according to the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guidelines for the Articles of Association of Listed Companies”, “Standards for the Governance of Listed Companies” and “Regulations Regarding General Meetings of Listed Companies” and other relevant laws and regulations regulating listed companies inside and outside the PRC and the Articles of Association of China Petroleum & Chemical Corporation (“Articles of Association”).
- Article 2** These Rules apply to the shareholders’ general meetings of the Company and shall be binding on the Company, all shareholders, authorized proxies of the shareholders, directors, supervisors, president senior management personnel and other relevant personnel present at the meeting.
- Article 3** Shareholders’ general meetings are divided into annual general meetings (hereinafter referred to as “AGM”), extraordinary general meetings; or all shareholders’ general meetings or class shareholders’ general meetings.
- Article 4** AGMs are held once every year within six months from the end of the previous accounting year.
- Article 5** For the shareholders’ general meetings convened each year, all of them are extraordinary general meetings except the AGM. The extraordinary general meetings shall be arranged in the order of the year in which they are convened.
- Article 6** Holders of different classes of shares are class shareholders. Except other class shareholders, holders of A shares and holders of H shares are deemed to be shareholders of different classes. If the Company intends to alter or annul the rights of class shareholders, it shall have such alteration or annulment approved by a special resolution at the shareholders’ general meeting and shall convene a class shareholders’ meeting in accordance with the provisions of the Articles of Association. Only class shareholders are entitled to attend class shareholders’ meetings.
- Article 7** The Company shall strictly comply with laws, administrative rules, the Articles of Association and relevant regulations of these Rules to convene shareholders’ general meetings, and shall ensure shareholders can exercise their rights in accordance with laws. The board of directors of the Company shall duly perform its duties and properly organize the shareholders’ general meeting in a conscientious manner and on schedule. All directors of the Company shall perform their diligence to ensure the due convention of shareholders’ general meetings and its lawful exercise of functions and powers.
- Article 8** Any shareholder who holds the shares of the Company legally and validly are entitled to attend or authorize a proxy to attend the shareholders’ general meeting, and shall have the right to know the Company’s affairs, the right to speak, the right to raise questions and the right to vote pursuant to law and these Rules.
- Shareholders and their proxies attending the shareholders’ general meeting shall comply with the provisions of the relevant laws and regulations, Articles of Association and these Rules, and shall take the initiative to maintain the order of the meeting and shall not infringe the legitimate rights and interests of other shareholders.
- Article 9** The Secretary to the board of directors of the Company shall be responsible for implementing the preparatory and organization work for convening a shareholders’ general meeting.

CHAPTER 2 FUNCTIONS AND POWERS OF THE SHAREHOLDERS' GENERAL MEETING

Article 10 The shareholders' general meeting is the authority organ of the Company and shall exercise the following functions and powers according to law:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors assumed by non-representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the supervisory committee's reports;
- (6) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (7) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (8) to pass resolutions on the increase or reduction of the Company's registered capital;
- (9) to pass resolutions on matters in relation to merger, division, dissolution, liquidation and change of corporate form of the Company;
- (10) to pass resolutions on the issue of debentures by the Company;
- (11) to pass resolutions on the appointment, dismissal and non-reappointment of the accounting firm by the Company;
- (12) to amend the Articles of Association and its appendices (including the Rules and Procedures for the Shareholders' General Meetings, Rules and Procedures for the Board of Directors' Meetings and Rules and Procedures for the Supervisors' Meetings);
- (13) to consider motions raised by the Company's board of directors, supervisory committee or shareholders who represent 3% or more of the total number of voting shares of the Company;
- (14) to examine and approve the matters in relation to guarantees regulated by Rule 12(3) of these Rules;
- (15) to examine the matters of purchase and/or sale by the Company within one year of significant assets exceeding thirty per cent (30%) of the latest audited total assets of the Company;
- (16) to examine and approve the change of the use of the raised funds;
- (17) to examine stock incentive plans
- (18) to decide on other matters which, according to laws, administrative regulations, rules of the competent authorities, the Articles of Association and these Rules, shall be approved by the shareholders' general meetings.

CHAPTER 3 AUTHORITY OF THE SHAREHOLDERS' GENERAL MEETINGS

Article 11 Matters which, in accordance with laws, administrative regulations, rules of the relevant government authorities, provisions of the Articles of Association and these Rules, fall within the scope of the authority of the shareholders' general meeting must be examined at such meeting so as to protect the decision-making power of the shareholders of the Company on such matters.

Article 12 In order to ensure and increase the stability and efficiency of the daily operations of the Company, the shareholders' general meeting authorizes the board of directors of the Company, on a partial basis, to exercise the following powers on investment plans, asset disposals and external guarantees:

(1) Investment:

- (i) The shareholders' general meetings shall examine and approve medium and long-term investment plans and annual investment plans of the Company. The board of directors is authorized to make adjustments of not more than 15% of the amount of the capital expenditure for the current year as approved at the shareholders' general meeting.
- (ii) Individual project investments (including but not limited to exploration and development, fixed assets, external shareholdings) shall be approved by the shareholders' general meeting if the investment amounts are more than 5% of the latest audited net asset value of the Company. The board of directors is authorized to examine and approve projects if the investment amount is not more than 5% of the latest audited net asset value of the Company.
- (iii) Where the Company uses its own assets to make risky investment in areas not related to the business of the Company (including but not limited to debentures, futures, shares), risky investments shall be approved by the shareholders' general meeting if the amount of investment is more than 1% of the latest audited net asset value of the Company. The board of directors is authorized to examine and approve projects if the investment amount is not more than 1% of the latest audited net asset value of the Company.

(2) Asset disposal:

- (i) When the Company acquires or sells assets, it has to take into account of the following 5 testing indices: (1) total asset ratio: the total amount of the assets in relation to the transaction (if both book value and valuation value exist, the higher one shall be applied) divided by the latest audited total asset value of the Company; (2) transaction amount ratio: the transaction amount (taking into account of the assumed liabilities and costs, etc) of the acquired assets divided by the total amount of the latest audited net asset value of the Company; (3) transaction net profit (loss) ratio: the absolute value of the net profit or loss relating to the assets of the transaction divided by the absolute value of the audited net profit or loss of the Company for the preceding financial year; (4) revenue ratio: the revenue for the preceding financial year relating to the subject matter of the transaction divided by the audited revenue of the Company for the preceding financial year; (5) object net profit (loss) ratio: the absolute value of the net profit or loss for the preceding financial year relating to the object of the transaction divided by the absolute value of the audited net profit or loss of the Company for the preceding financial year.

The shareholders' general meeting shall examine and approve any of the above projects with a ratio of not less than 50%. The board of directors is authorized to examine and approve any of the above projects with a ratio of less than 50%.

- (ii) In disposing of fixed assets, where the total value of the expected value of the fixed assets to be disposed of and the value of the fixed assets which have been disposed of in the 4 months prior to such proposed disposal exceeds 33% of the value of the fixed assets as shown in the latest balance sheet considered by the shareholders' general meeting, the shareholders' general meeting shall examine and approve such disposal, the board of directors shall not dispose or agree to dispose such fixed assets without the approval at the shareholders' general meeting; and the board of directors is authorized to examine and approve those fixed asset disposals of

less than 33%.

The disposal of fixed assets referred to in this Article includes the transfer of certain asset interests but excludes the provision of guarantee by way of fixed assets.

The validity of the transactions for disposal of fixed assets by the Company shall not be affected by any breach of paragraph (2)(i) of this Article.

- (iii) Regarding others (including but not limited to the entering into, varying and termination of important contracts relating to entrustment of operation, entrusted operation, entrusted financial management, contracting and leasing), the relevant amount shall be calculated according to one of five testing indices referred to in paragraph (2)(i) of this Article.

Any of the above projects with a ratio of more than 5% shall be examined and approved by the shareholders' general meeting. The board of directors is authorized to examine and approve any of the above projects with a ratio of not more than 5%.

(3) External guarantees

The Company shall not provide guarantees for personal liability..

Unless otherwise stipulated in the Articles of Association and its appendices, matters in relation to the Company's external guarantees shall be examined and approved by the board of directors of the Company, among which, the following matters in relation to the external guarantees shall be examined and approved at the shareholders' general meeting:

- (1) any guarantee after the total external guarantee volume of the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets of the latest term;
 - (2) any guarantee after the total external guarantee volume of the Company reaches or exceeds 30% of the latest audited total assets of the latest term;
 - (3) the guarantee provided to the guarantee objective whose asset liability ratio exceeds 70%;
 - (4) the single guarantee volume exceeds 5% of the latest audited net assets;
 - (5) the guarantee provided to shareholders, the actual controllers and the associated parties;
 - (6) any other external guarantee regulated by laws, administrative regulations, rules of competent authorities and regulatory rules of the listing place.
- (4) If, when applying the relevant standards as set out above, the approving offices of any investment, asset disposal and external guarantee matters as referred to above include both shareholders' general meeting and the board of directors, such matters shall be submitted to the shareholders' general meeting for approval.
 - (5) If the above investment, asset disposal and external guarantee matters constitute connected transactions according to the regulatory stipulations of the places where the Company is listed, the relevant matters shall be dealt with according to the relevant stipulations.

Article 13 Under necessary and reasonable circumstances, as regards specific matters related to the matters to be resolved and those which cannot or are not required to be decided at the shareholders' general meeting, the shareholders' general meeting may authorize the board of directors, directors or the secretary to the board of directors to decide within the scope of authority authorized by the shareholders' general meeting.

CHAPTER 4 PROCEDURES FOR CONVENING A SHAREHOLDERS' GENERAL MEETING

Section 1 Putting Forward and Collecting

Article 14 The contents of motions shall fall within the function and power of the shareholders' general meeting, and shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws, administrative rules, the Articles of Association and these Rules.

Where the Company convenes a shareholders' general meeting, the board of directors, the supervisory committee and shareholders individually or jointly holding more than 3% of the total voting shares of the Company are entitled to put forward motions to the Company.

Shareholders individually or together holding 3% of the total shares of the Company may put forward interim motions by written proposals to convenor 10 days before the shareholders' general meeting. The convenor shall publish supplementary notice to announce the interim motion within 2 days upon receiving.

Apart from as stipulated by the preceding paragraph, after the convenor publishing the notice, it shall not be altered or added with new proposals.

Proposals not listed on the notice of shareholders' general meeting or not according to this Article of these Rules shall not be voted or resolved in the shareholders' general meeting.

Article 15 Motions at the shareholders' general meeting are usually put forward by the board of directors.

Article 16 Where two or more than half of the independent directors request the board of directors to convene an extraordinary general meeting, they shall be responsible for putting forward the motions to be examined at the meeting.

Article 17 Where the supervisory committee proposes to convene a shareholders' general meeting, it shall be responsible for putting forward motions.

Article 18 Where shareholders individually or jointly holding more than 10% of the Company's voting shares propose to convene a shareholders' general meeting, the proposing shareholders shall be responsible for putting forward the motions, whether or not the meeting is convened by the board of directors.

Article 19 Before the Chairman of the board of directors issues a notice of the board meeting relating to the convening of a shareholders' general meeting, the secretary to the board of directors may collect motions from shareholders individually holding more than 3% of the Company's voting shares, supervisors and independent directors and submit the same to the board of directors for examination and approval and subsequently submit the same as motions to the shareholders' general meeting for examination.

Article 20 The following motions shall be put forward at the AGM for consideration:

- (1) to examine the board of directors' annual reports, including the investment plans and operation strategy for the following year;
- (2) to examine the supervisory committee's annual reports;
- (3) to examine the Company's audited final budget proposal for the preceding year;
- (4) to examine and approve the Company's profit distribution plans and loss recovery plans for the preceding year;

- (5) to appoint, dismiss or not to reappoint the accounting firm.

Article 21 Where the supervisory committee or shareholders individually or jointly holding more than 10% of the Company's voting shares propose to convene an extraordinary general meeting or class shareholders' general meeting, they may sign one or more written request(s) of identical form and contents stating the topics for discussion at the meeting, and at the same time submit motions complying with the above requirements of these Rules to the board of directors.

Article 22 Motions involving the following circumstances shall be deemed to lead to a change or abrogation of the rights of a class shareholder and the board of directors shall submit them to a class shareholders' general meeting for examination:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant such conversion right;
- (3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to shares of such class;
- (6) to cancel or reduce rights to receive payment payable by the Company in a particular currency attached to shares of such class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of shares of such class or to impose additional restrictions;
- (9) To issue rights to subscribe for, or to convert into, shares of such class or another class;
- (10) To increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to cause the shareholders of different classes to bear liability to different extents during the restructuring;
- (12) to amend or abrogate the provisions of Chapter 9 of the Articles of Association "Special Procedures for Voting by a Class of Shareholders".

Section 2 Notice of Meeting and its Alterations

Article 23 The notice of a shareholders' general meeting shall be issued by the convenors of the meeting. Convenors of the meeting include the board of directors, the supervisory committee or shareholders individually or jointly holding more than 10% of the Company's voting shares.

Article 24 A written notice shall be issued 45 days (excluding the date of the meeting) prior to the meeting, informing all shareholders of the matters to be considered at the meeting, and the date and place of the meeting.

The notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by pre-paid mail to the addresses of the shareholders as shown in the register of shareholders of the Company. For the holders of A shares, the notice

of the meeting may also be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council during the period between forty-five to fifty days before the date of the meeting. Once the announcement is made, the holders of A shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Subject to the laws, regulations and the listing rules of the place where the Company's shares are listed, the Company may issue or provide the aforesaid notice of the shareholders' general meeting in accordance with Article 219 of the Articles of Association, instead of issuing or providing such notice in accordance with the above three paragraphs of this article.

Article 25 The notice of a class shareholders' general meeting shall be delivered only to the shareholders who are entitled to vote at such meeting.

Article 26 The notice of a shareholders' general meeting shall satisfy the following requirements:

- (1) in writing as provided in Rule 24 of these Rules;
- (2) specify the place, date, time and duration of the meeting;
- (3) set out the matters and proposals to be discussed at the meeting;
- (4) provide the shareholders with such information and explanation as necessary to enable the shareholders to make an informed decision on the proposals put before them. Such principle includes (but not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with contracts (if any) and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent of the material interests of any director, supervisor, senior management personnel in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) Where the proceedings of directors and supervisors election are scheduled to be discussed, the notice shall reveal the detailed information about the directors and supervisors, including at least the following contents:
 - (i) such personal information as education background, working experience and part-time job;
 - (ii) whether he/she has association with the Company and its controlling shareholders and the actual share controller;
 - (iii) revealing the Company's share volume;
 - (iv) whether he/she received punishment from the securities regulatory institution authorized by the State Council and its relevant authorities and the warning reprimand from the securities exchange.

Except the election of directors by means of cumulative voting, every director and supervisor candidate shall be raised in single resolution.

- (7) contain the full text of any special resolution to be proposed at the meeting;

- (8) contain a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy needs not be a shareholder;
- (9) specify the shareholding registration date for the shareholders who are entitled to attend the shareholders' general meeting;
- (10) specify the time and place for lodging proxy forms for the meeting;
- (11) state names and telephone numbers of the contact persons for the meeting.

The notice and supplementary notice of the shareholders' general meeting shall fully and completely reveal all the specific contents of the resolution. Where the independent directors are required to express their views on the matters to be discussed, the notice of the meeting shall also disclose the views and reasons of the independent directors.

Article 27

With regard to the proposal by the independent directors on convention of interim shareholders' general meeting, the board of directors shall, in accordance with the provisions in laws, administrative rules and the Articles of Association, make feedback in written form concerning approval or disapproval of the convention within 10 days as of its acknowledgement; where the board of directors approves the convention of the interim shareholders' general meeting, it shall distribute the notice thereof within 5 days after the decision has been made by the board of directors; where the board of directors disapproves the convention of the interim shareholders' general meeting, it shall explain the reasons and announcement the same.

Article 28 The supervisory committee shall be entitled to propose in writing the convention of interim shareholders' general meeting to the board of directors, who shall, subject to the laws, administrative rules and the Articles of Association, make feedback in writing concerning approval or disapproval of the convention within 10 days after its receipt of the request.

Where the board of directors approves the convention of the interim shareholders' general meeting, it shall distribute the notice thereof within 5 days after the decision has been made by the board of directors where the alteration upon the original request shall win the approval from the supervisory committee.

Where the board of directors disapproves the convention of the interim shareholders' general meeting or fails to make feedback in writing within 10 days after its receipt of the request, the board of directors shall be deemed to be unable or fail to perform its duties on convention of shareholders' general meeting, and the supervisory committee shall convene and chair the meeting by itself.

Article 29

Shareholders singly or jointly hold more than 10% of the shares of the Company have the right to propose in written form the convention of interim shareholders' general meeting or class shareholders' meeting to the board of directors. The board of directors shall, in accordance with the provisions in laws, administrative rules and the Articles of Association, raise the feedback in written form concerning the approval or disapproval of the convention of the shareholders' general meeting or class shareholders' meeting within 10 days after its receipt of the request.

Where the board of directors approves the convention of interim shareholders' general meeting or class shareholders' meeting, it shall, within 5 days after the decision has been made by the board of director, issue a notice where the alteration upon the original request shall win the approval from the relevant shareholder.

Where the board of directors disapproves the convention of shareholders' general meeting or class shareholders' meeting or fails to make in written form feedback within 10 days after receipt of its acknowledgement, such shareholders as singly or jointly hold more than 10% of the shares of the Company have the right to propose in written form the convention of interim shareholders' general meeting or class shareholders' meeting to the supervisory committee, and shall make such request to the supervisory committee in written form.

Where the supervisory committee approves the convention of interim shareholders' general meeting or class shareholders' meeting, it shall, within 5 days after receipt of the request, issue a notice of the shareholders' meeting where the alteration upon the original request shall win the approval from the relevant shareholder.

Where the supervisory committee fails to issue the notice of shareholders' general meeting within the required time limit, it shall be deemed to fail in convention and chairing the shareholders' meeting, such shareholders as singly or jointly hold more than 10% of the shares of the Company for continuous 90 days have the right to convene and chair the meeting by themselves.

Article 30 Where the supervisory committee or shareholders decide to convene the shareholders' meeting independently, they shall notify the board of directors in written form and put on record in the local branches of the securities regulatory institute authorized by the State Council and the stock exchange.

Prior to the announcement of the resolutions of the shareholders' meeting, shareholding percentage of the shareholders' of the convening shareholders shall not be less than 10%.

The convening shareholders shall, at the time of issuing the notice of the shareholders' meeting and the announcement of the resolutions of the shareholders' meeting, provided relevant supporting documents to the local branches of the securities regulatory institute authorized by the State Council and the stock exchange.

Article 31 With respect to the shareholders' meeting convened by the supervisory committee or the shareholders, the board of directors and its secretary shall coordinate. The board of directors shall provide the share ledger as at the share registration date.

Article 32 Where the shareholders' meeting is held independently by the supervisory committee or shareholders, the necessary cost of the meeting shall be borne by the Company.

Article 33 Shareholders intending to attend a shareholders' general meeting shall deliver to the Company their written replies concerning their attendance at such meeting twenty days before the date of the meeting.

The Company shall, based on the written replies which it receives from the shareholders twenty days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders and the authorized proxies who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the shareholders' general meeting; if not, then the Company shall, within five days, notify the shareholders again by way of public announcement the matters to be considered at, and the place and date for, the meeting. The Company may then hold the shareholders'

general meeting after publication of such announcement.

Article 34 After the convenors of a meeting have issued the notice of the shareholders' general meeting, the shareholders' general meeting shall not be convened at an earlier date, nor shall it be postponed without reasons. Where a shareholders' general meeting has to be postponed for special reasons, the convenors of the meeting shall publish a postponement notice at least two working days before the original date of the shareholders' general meeting. The convenors of the meeting shall state the relevant reasons and the date for convening the meeting after the postponement in the postponement notice.

Section 3 Registration of a Meeting

Article 35 A shareholder may attend the shareholders' general meeting in person or appoint a proxy to attend and vote on his behalf.

In order to ensure the solemnity and proper order of the shareholders' general meeting, the Company shall have the right to refuse persons other than those stated above to enter into the venue.

Article 36 The Company shall be responsible for preparing a shareholder attendance register, which will be signed by the shareholder and the authorized proxies attending the on-site meeting. The shareholder attendance register shall set out the names of persons present at the on-site meeting (and/or names of units), identification document numbers, information confirming the identities of the shareholders (such as shareholder account numbers), the number of voting shares held or represented, names of the proxies (or names of the units) and so on.

Article 37 The convenor and lawyer engaged by the Company, shall, in accordance with the register provided by the securities registration and clearing institutions, jointly verify the legality of the identification of the shareholders, register the full name (or the name of the unit) of the shareholders and the number of shares bearing voting rights held by such shareholders. Unless otherwise decided by the Company, prior to the announcement of the number of the shareholders and the authorized proxies attending the on-site meeting and the number of shares bearing voting rights held by such shareholders, the meeting registration shall be concluded.

Article 38 Apart from the aforesaid, the contents of registration for the shareholders or proxies attending the shareholders' general meeting shall include:

- (1) request to speak and contents of the text (if any);
- (2) collecting the voting slips according to the number of shares held/represented by the shareholders or proxies.

Article 39 The instrument appointing a proxy of a shareholder shall be in writing. Such written instrument shall state the following:

- (1) the name of the authorized proxy of the shareholder;
- (2) the number of shares of the principal represented by the authorized proxy;
- (3) whether or not the proxy has any voting right;
- (4) an indication to vote for or against each and every matter included in the agenda;
- (5) the date of issue and validity period of the proxy form;
- (6) the signature (or seal) of the principal or its agent appointed in writing; if the principal is a legal person shareholder, the proxy form shall bear the seal of the legal person unit, or signed by its director or an agent duly appointed by it.

The proxy form shall state clearly that the proxy shall be entitled to vote at his discretion in the absence of specific instructions from the shareholder.

Article 40 The proxy form shall be lodged with the Company's premises or such other place as specified in the notice convening the meeting at least twenty-four hours prior to the relevant meeting for which the proxy is appointed to vote or twenty-four hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged with the Company's premises or such other place as specified in the notice convening the meeting.

If the proxy is a legal person, his legal representative or any representative authorized by the board of directors or by other decision making organs shall attend the shareholders' meeting of the Company on his behalf.

Article 41 Shareholders attending a shareholders' general meeting shall fulfil registration procedures. Shareholders shall produce the following documents for registration purposes:

- (1) Natural person shareholders: an individual shareholder shall produce his valid identification documents, stock account card and provide information enabling the Company to confirm his identity as a shareholder. Where a proxy is appointed to attend the meeting, the proxy shall produce his own valid identification documents and the proxy form, and provide the Company with information enabling the Company to confirm the identity of his principal as a shareholder.
- (2) Legal person shareholders: if a legal representative is appointed to attend the meeting, the legal representative shall produce his valid identification documents and proof of his qualification as a legal representative, and he shall provide the Company with the information enabling the Company to confirm the identity of the legal person shareholder. Where a proxy is appointed to attend the meeting, the proxy shall produce his own valid identification documents, the proxy form issued by the legal person shareholder pursuant to law, or a notarized copy of a resolution on authorization adopted by the board of directors of the legal person shareholder or other decision-making organs, and shall provide information enabling the Company to confirm the identity of the principal as a legal person shareholder.

Article 42 Where a shareholder or a proxy requests to speak at the shareholders' general meeting, he shall register with the Company prior to the meeting. The number of speakers shall be limited to ten. If there are more than ten speakers, the first ten shareholders who have the largest shareholdings shall have the right to speak in an order according to their shareholdings.

Section 4 Convening a Meeting

Article 43 The board of directors and other convenor of the Company shall take necessary measures to ensure the normal order thereof. Any acts interfering with the shareholders' general meeting, provoking and infringing the lawful rights of the shareholders shall be prevented with precautions, stopped and reported to the relevant departments for investigation and prosecution.

Article 44 A shareholders' general meeting shall be chaired by the Chairman of the board of directors. If the Chairman is unable or fails to perform his duty, the Vice Chairman (if the Company has two or more vice chairmen, the one recommended by more than half of the total directors) shall chair the meeting, if the vice chairman is unable or fails to perform his duty, the director recommended by more than half of the total directors shall chair the meeting.

Where the shareholders' meeting is convened by the supervisory committee, the meeting shall be chaired by the president of the supervisory committee. Where the president of the supervisory committee is unable or fails to perform his duty, the meeting shall be chaired by the vice president of the supervisory committee; where the vice president of the supervisory committee is unable or fails to perform his duty, the meeting shall be chaired by the supervisor recommended by more than half of all the supervisors.

Where the shareholders' meeting is convened by the shareholders, the meeting shall be chaired by the person recommended by the convenor.

Where the president on the occasion of the convention of the shareholders' meeting violates the rules of procedure so that the meeting is unable to continue, a president may, with the approval of half of the votes from the shareholders attending the on-site meeting, be elected from and by the shareholders' meeting to continue the meeting.

Article 45 The chairman shall declare that the meeting commences at the scheduled time after he has been informed that the participants are in compliance with legal requirements and speakers are registered. In any of the following circumstances, the meeting may be declared to commence later than the time scheduled:

- (1) when any equipment of the venue is out of order so that the meeting cannot proceed as usual;
- (2) when any matters of material importance take place affecting the proceeding of the meeting.

Article 46 After the chairman of the meeting has declared the official commencement of the meeting, he shall firstly announce that the number of shareholders attending the meeting and the number of shares represented by such shareholders are in compliance with the legal requirements. Subsequently he shall read out the agenda as stated in the notice of the meeting, and shall inquire whether any person present at the meeting has any objection to the voting order of the motions.

Article 47 After the chairman of the meeting has made inquiries regarding the agenda, he shall read out the motions or appoint another person to read out the motions, and shall explain the motions according to the following requirements if necessary:

- (1) Where the motion is put forward by the board of directors, the motion shall be explained by the Chairman or other persons designated by the Chairman;
- (2) Where the motion is put forward by the supervisory committee or shareholders individually or jointly holding more than 3% of the Company's voting shares, the motion shall be explained by the person putting forward the motion or its legal representative or lawful and valid proxy.

Article 48 The board of directors and supervisory committee shall, in the annual general meeting, deliver a report on work of preceding year, and the independent director shall report his/her work.

Article 49 The board of directors of the Company shall explain to the shareholders' meeting the non-standardized audit opinion issued by certified public accountant to the Company.

Article 50 Motions included in the agenda shall be examined before voting. Reasonable time shall be given at the shareholders' general meeting for each motion to be discussed, and the chairman of the meeting shall orally ask the shareholders attending the meeting whether they have completed the examination procedures. Examination procedures shall be regarded as completed if there are no objections by shareholders attending the meeting.

Article 51 No shareholder shall speak for more than twice at the meeting without the consent of the chairman. A shareholder is allowed to speak for no more than five minutes for the first time, and no more than three

minutes for the second time.

When a shareholder requests to speak, he shall only do so if he does not interrupt report which is being made by the meeting reporter or speeches which are being made by other shareholders.

Article 52 Shareholders may query the Company at the shareholders' general meeting. The directors, supervisors or senior management personnel shall explain and interpret any queries and proposals raised by the shareholders unless they relates to the Company's business secret and shall not be disclosed at the meeting.

Article 53 The chairman of the meeting shall, prior to the vote, announce the total number of the shareholders and the proxies attending the on-site meeting and the total number of the voting shares held by them according to the meeting registration.

Section 5 Voting and Resolution

Article 54 Shareholders' general meeting shall resolve on any specific motions.

Article 55 Matters not included in the notice convening the shareholders' general meeting shall not be resolved on at such a meeting. In approving the motions included in the notice of a general meeting, no alteration shall be made to such motions. Otherwise, any alteration shall be deemed to be a new motion and shall not be voted on at that shareholders' general meeting.

Article 56 The Company shall, on the premise of the legality and validity of the shareholders' general meeting, provide convenience to the present shareholders by various means, including such modern information technology means as on-line vote platform.

Article 57 Except for the cumulative voting, the shareholders' general meetings shall resolve on all motions included in the agenda one by one, and, unless the shareholders' general meeting is adjourned or fails to make any resolution due to force majeure matters, shall not delay in considering, or fail to consider, such motions. Where different motions are put forward at the shareholders' general meeting for the same matter, such motions shall be resolved on in the order of time in which they are put forward.

Article 58 The chairman of the meeting is obliged to request the shareholders to approve the motions by open ballot at the general meeting.

Each shareholder or proxy shall exercise his voting rights in accordance with the number of voting shares represented by him. Except for the circumstances where cumulative voting is applicable to the election of directors in accordance with the Articles of Association and these Rules, each share shall carry one voting right.

Article 59 Resolutions in respect of the election of directors shall be passed by a way of cumulative voting at shareholders' general meeting in accordance with the Articles of Association or the resolutions passed by the shareholders' general meeting. Cumulative voting means that every share shall, on the occasion of electing directors or supervisors in the shareholders' general meeting, have the same voting power with that of the candidate directors or supervisors and the voting power possessed by the shareholders may be exercised uniformly. The details of the cumulative voting are as follows:

- (1) Where the number of directors to be elected is more than two, the cumulative voting shall be adopted.
- (2) Where cumulative voting system is adopted, each of the shares held by a shareholder shall carry the same number of votes as the number of directors to be elected.
- (3) The notice of a shareholders' general meeting shall notify the shareholders that a cumulative voting system will be adopted for the election of directors. The convenors of the shareholders' general meeting shall prepare ballots suitable for cumulative voting, and shall give explanations in writing regarding the cumulative voting system, the completion of the ballots and the methods of counting the votes.

- (4) In casting his votes for the director candidates at a shareholders' general meeting, a shareholder may exercise his voting rights by spreading his votes evenly and cast for each of the candidates the number of votes corresponding to the number of shares he holds; or he may focus his votes on one candidate and cast for a particular candidate the total number of votes carried by all of his shares while the number of voting rights carried by each of his shares is the same as the number of directors to be elected; or he may spread his votes over several candidates and cast for each of them part of the total number of votes carried by the shares he holds while the number of voting rights carried by each of his shares is the same as the number of directors to be elected.
- (5) Upon the exercise of his voting rights by focusing his votes on one or several of the candidates while the number of voting rights carried by each of his shares is the same as the number of directors to be elected, a shareholder shall not have any right to vote for any other candidates.
- (6) Where the total number of votes cast by a shareholder for one or several of the candidates is in excess of the number of votes carried by the total number of shares held by him, the votes cast by the shareholder shall be invalid, and the shareholder shall be deemed to have waived his voting rights. Where the total number of votes cast for one or several candidates by a shareholder is less than the number of votes carried by the total number of shares held by such a shareholder, the votes cast by the shareholder shall be valid, and the voting rights attached to the shortfall between the votes actually cast and the votes which the shareholder is entitled to cast shall be deemed to have been waived by the shareholder.
- (7) Where the number of approval votes won by a director candidate exceeds one-half of the total voting rights (to be calculated according to the total number of shares if the cumulative voting is not adopted) represented by the shareholders present at the shareholders' general meeting and the approval votes exceeds the objection votes, the candidate shall be the elected director candidate. If the number of the elected director candidates exceeds the total number of directors to be elected, those candidates who win the largest number of approval votes shall be elected as directors (however, if the elected director candidates whose approval votes are comparatively fewer win the same number of approval votes, and the election of such candidates as directors will give rise to the number of directors elected exceeding the number of directors to be elected, such candidates shall be deemed as having not been elected); if the number of directors elected at a shareholders' general meeting is less than the number of directors to be elected, a new round of voting shall be carried out for the purpose of filling such directorship vacancies, until all the directors to be elected are validly elected.
- (8) Where a new round of voting is carried out according to the provisions of paragraph (7) of this Article at the shareholders' general meeting, the number of votes casted by the shareholders in the cumulative voting shall be re-counted according to the number of directors to be elected in the new round of voting.

Article 60 In examining the motions on the election of directors and supervisors at a shareholders' general meeting, shareholders shall vote on the candidates for the office of directors or supervisors one by one.

Article 61 The same voting power shall choose only one of such means as on site, Internet or otherwise. Where repeated voting arises in the same voting power, the power of such repeated voting should be examined according to the notice of the shareholders' general meeting.

Article 62 Resolutions of a shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

(1) Ordinary resolutions

- (i) Ordinary resolutions shall be passed by votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting.
- (ii) The following matters shall be approved by ordinary resolutions at shareholders' general meetings:

- (a) work reports of the board of directors and the supervisory committee;
- (b) profit distribution plans and loss recovery plans formulated by the board of directors;
- (c) appointment and removal of members of the board of directors and members of the supervisory committee assumed by non-representatives of the employees, their remuneration and manner of payment;
- (d) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (e) matters other than those which are required by laws and regulations or by the Articles of Association and these Rules to be passed by special resolutions.

(2) Special resolutions

- (i) Special resolutions shall be passed by votes representing more than two-thirds of the total amount of the voting rights represented by the shareholders (including proxies) present at the meeting.
- (ii) The following matters shall be approved by special resolutions at a shareholders' general meetings:
 - (a) increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
 - (b) issue of bonds of the Company;
 - (c) division, merger, dissolution, liquidation and change of corporate form of the Company;
 - (d) amendment to the Articles of Association, the Rules and Procedures for the Shareholders' General Meetings, the Rules and Procedures for the Board of Directors' Meetings and the Rules and Procedures for the Supervisors' Meetings;
 - (e) where the major assets acquired or disposed, or amount of guarantee exceeds 30% of the latest audited total assets;
 - (f) share incentive plan;
 - (g) any other matters required by laws, regulations, Articles of Association and these Rules or approved by an ordinary resolution by the shareholders at a general meeting which may have material impacts on the Company and accordingly should be passed by special resolutions.

Article 63 As far as any matter relating to sub-paragraphs (2) to (8), (11) to (12) of Article 22 of these Rules, the affected class shareholders, whether or not such shareholders originally have the right to vote at shareholders' general meetings, shall have the right to vote at the class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.

“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 29 of the Articles of Association, an interested shareholder is a controlling shareholder within the meaning of Article 55 of the Articles of Association;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 29 of the Articles of Association, a holder of the shares to which the proposed agreement relates;

- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring which is different from the general interests of the shareholders of that class.

Article 64 Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 63, are entitled to vote at the meeting.

The special procedures for approval by a class of shareholders shall not apply in the following circumstance: (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued A Shares and Overseas-Listed Foreign-Invested Shares; and (2) upon the establishment of the Company, a plan for an issuance of A shares and Overseas-Listed Foreign-Invested Shares shall be made within 15 months from the date of approval by the State Council Securities Commission.

Article 65 Where a connected transaction is being considered at a shareholders' general meeting, the connected shareholders shall abstain from voting, and the voting rights represented by the shares held by them shall not be counted towards the total number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement in relation to the resolutions passed at the shareholders' general meeting.

If any shareholder are required to abstain from voting or may only vote for or against a matter according to the Rules Governing the Listing of Securities of the Hong Kong Stock Exchange Limited, any vote by such shareholder or his proxy in violation of the relevant rules or restrictions referred to above shall not be counted in the voting results.

Article 66 The present shareholders shall express their opinions on the resolutions: approval, disapproval.

Shareholders (and proxies) shall complete their ballot papers carefully as instructed and put the ballot papers into the ballot box. Any ballot paper containing uncompleted parts, false information, illegible writing and any uncast paper shall be deemed to be an abstention of voting by the shareholder, and such ballot papers shall not be regarded as valid votes.

Article 67 Prior to voting, the shareholders present at a shareholders' general meeting shall nominate at least one supervisor and two shareholders to participate in counting and supervising the voting. Where the shareholder has associated relations to the resolution to be approved, such associated shareholder or its proxy shall not participate in counting and supervising the voting.

When the shareholders' general meeting is voting, the lawyer, shareholder representative and supervisor representative shall be jointly responsible for vote calculation and supervision, and shall announce the vote result at the meeting. The vote results shall be recorded in the minutes of the meeting.

Such a shareholder or its proxy of the Company who cast vote via Internet or other mean shall be entitled to examine its voting result via the corresponding voting system.

If the votes for and against a resolution are equal, the chairman of the meeting shall be entitled to cast one more vote.

Article 68 Prior to the formal announcement of the voting result, the Company, vote counter, vote supervisor, major shareholders and Internet service provider as involved in the voting at on-site shareholders' general meeting, voting through Internet and by other means shall bear confidential obligations upon the voting.

Article 69 The directors, supervisors, secretary of the board of directors, convenor or its representative, presider present at the meeting shall sign on the minutes of the shareholders' general meeting. The secretary of the board of directors shall be responsible for the minutes of the meeting which shall record the following matters:

- (1) time, place, agenda, name of convenor;
- (2) name of the presider and the present directors, supervisors, manager and senior management personnel;
- (3) number of the shareholders and proxies, total number of their holding shares and the proportion of such shares in the total shares of the Company;
- (4) deliberation procedure, main points of the speech and statement, and voting result;
- (5) inquiry opinion or proposal of the shareholders and the relevant reply or explanation;
- (6) name of the lawyer, vote counter and poll watcher.
- (7) other matters in accordance with the provisions of the Articles of Association shall be recorded in the minutes of the meeting.

Article 70 In respect of convention of the shareholders' general meeting, the Company shall retain (a) PRC lawyer(s) to attend the shareholders' general meeting in accordance with law to enable him(them) to give legal opinions on the following matters, and shall publish these legal opinions together:

- (1) whether the procedures for convening and holding the shareholders' general meeting comply with the relevant laws and administrative regulations as well as the Articles of Association and these Rules;
- (2) verification of the legality and validity of the eligibility of the participants and convenor of the meeting;
- (3) whether the voting procedures and results of the shareholders' general meeting are lawful and valid;
- (4) the issue of any legal advice on any other matters requested by the Company.

Section 6 Adjournment of a Meeting

Article 71 If, in the course of the meeting, disputes arising out of the identity of any shareholder or the results of the calculation of the votes and so on cannot be resolved on site in such a way that the order of the meeting is affected and the meeting cannot proceed as usual, the chairman of the meeting shall declare an adjournment of the meeting.

If the foregoing circumstances cease to exist, the chairman of the meeting shall notify the shareholders of the resumption of the meeting as soon as possible.

Article 72 The convenor shall ensure the continuity of the shareholders' general meeting until the final decision is achieved. Where a shareholders' general meeting is adjourned fails to make any decision due to force majeure or any other extraordinary reasons, the convenor shall take all necessary measures to resume the shareholders' general meeting as soon as possible or directly suspend such shareholders' general meeting, and shall announce it immediately. Meanwhile, the convenor shall report to the local branch of the securities regulatory institution authorized by the State Council and the securities exchange in the place where the Company's shares are listed.

Section 7 Post-meeting Affairs and Announcement

Article 73 The secretary to the board of directors shall be responsible for submitting the minutes of the meeting and the resolutions passed at the meeting and other relevant documentation to the relevant regulatory authorities in accordance with laws, regulations, the requirements of the securities regulatory authority of the State Council and the stock exchanges on which the Company's shares are listed after the meeting. He shall also

be responsible for handling the announcement to be published in the designated media.

Article 74 The resolutions of the shareholders' general meeting shall be announced promptly, and the announcement shall state the number of the shareholders (or the proxies) present at the meeting, the number of shares casting voting rights held by them (or nominees) and the percentage of such shares out of the total voting shares of the Company, the method of voting, the voting result of each motion and the detailed content of each resolution passed.

Article 75 Where the resolutions are not passed or the previous resolutions are altered in the very shareholders' general meeting, it shall be specifically indicated in the announcement on the resolutions of the shareholders' general meeting.

The announcement of resolutions passed at shareholders' general meetings shall be published in designated newspapers and on the Company's website and the contents of the announcement shall fulfill the requirements of the relevant supervisory regulations.

Article 76 The secretary to the board of directors shall be responsible for keeping written information such as the register of shareholders, power of attorney, voting statistical sheet, minutes of the meeting, legal opinions endorsed by lawyer(s) and announcements of resolutions.

Article 77 Where the shareholders' general meeting approves the resolutions in relation to election of directors and supervisors, newly appointed directors and supervisors shall assumed their offices in accordance with the provisions of the Articles of Association.

CHAPTER 5 SUPPLEMENTARY ARTICLES

Article 78 These Rules shall come into effect upon the adoption by the shareholders' general meeting by a special resolution and the approval by the relevant authorities in accordance with law.

Article 79 Any amendment to these Rules shall be proposed by the board of directors in the form of an amendment proposal, and shall be submitted to the shareholders' general meeting for approval by a special resolution.

Article 80 The board of directors shall be responsible for interpreting these Rules.

Article 81 Where any relevant matters are not covered in these Rules or where these Rules fail to comply with the relevant laws, administrative rules and other relevant regulatory documents or regulatory provisions in the place where the Company's shares is listed as promulgated from time to time, those laws, administrative rules and other relevant regulatory documents or regulatory provisions in the place where the Company's shares is listed shall prevail.