

THE RULES OF PROCEDURE FOR THE BOARD MEETINGS OF SINOPEC ENGINEERING (GROUP) CO., LTD.

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to ensure that the board of directors of SINOPEC Engineering (Group) Co., Ltd. (中石化炼化工程(集團)股份有限公司) (the “Company”) fulfils the duties and responsibilities conferred by all shareholders of the Company, conducts discussions efficiently, makes scientific, efficient and prudent decisions and standardizes the operation of the board of directors, 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”, “Guidelines for the Articles of Association of Listed Companies”, “the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited” (the “Listing Rules”) and other relevant laws, regulations and normative documents, and the securities regulatory rules of the places where the Company’s shares are listed (the “Relevant Regulatory Rules”), and the Articles of Association of SINOPEC Engineering (Group) Co., Ltd. (中石化炼化工程(集團)股份有限公司) (the “Articles of Association”).

CHAPTER 2 FUNCTIONS, POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS

Article 2 The board of directors is responsible for the general meetings and shall exercise the functions and powers conferred by the Relevant Regulatory Rules and the Articles of Association.

Article 3 The president shall provide the directors with necessary information and materials to facilitate the board of directors to make scientific, efficient and prudent decisions. A director can require the president or, through the president, require the relevant departments of the Company to provide information and explanations which are necessary for him to make scientific, efficient and prudent decisions.

Article 4 In order to ensure and improve the stability and efficiency of the Company’s daily operations, the board of directors shall, in accordance with the provisions of the Articles of Association and the authorization of the general meeting, exercise the following duties and powers and can partially delegate them to the chairman or president.

(I) Investment plans

1. The board of directors shall be responsible for approving the preliminary medium and long-term investment plans proposed by the president.
2. The board of directors shall be responsible for approving the annual capital expenditure plans proposed by the president. The chairman of the board is authorised by the board of directors to make adjustments of not more than 15% of the amount of the capital expenditure for the current year as approved by the board of directors.

(II) External investments (including entrusted wealth management, entrusted loans, etc.), acquisition or disposal of assets, renting or leasing assets, entrusting or being entrusted with managing assets and businesses, etc.

1. The Company shall conduct the following four size tests (“Four Ratios”): (1) Asset ratio: the total assets which are the subject of the transaction (where both book value or appraised value exist, the higher shall prevail) divided by the total assets of the Company in the latest published audited accounts calculated in accordance with the International Financial Reporting Standards or the latest published interim report (whichever is more recent); (2) Consideration ratio: the fair value of a single transaction (including debts and expenses undertaken) divided by the total market capitalization of the Company (calculated at the average closing price of the Company’s securities for as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days prior to the date of the transaction); (3) Revenue ratio: the revenue of the principal business attributable to the assets which are the subject of the transaction for the latest fiscal year divided by the audited revenue of the principal business of the Company for the latest fiscal year calculated in accordance with the International Financial Reporting Standards; (4) Profits ratio: the profits attributable to the assets which are the subject of the transaction for the latest fiscal year divided by the audited profits of the Company for the latest fiscal year calculated in accordance with the International Financial Reporting Standards.
2. The board of directors shall approve the transaction of which all of the above Four Ratios are 5% or more but less than 25%. The chairman of the board is authorized to approve the transaction of which all of the above Four Ratios are 3% or more but less than 5%. The president is authorized to approve the transaction of which all of the above Four Ratios are less than 3%.

(III) Entering into contracts related to the principal business operations, such as EPC contracting

The president is authorized to approve contracts related to the Company’s principal business operations, such as EPC contracting. However, if any contract involve any of the following circumstances, it shall be submitted to the board of directors for approval:

1. Where the project involves advance funding (with the advance amount exceeding RMB100 million or exceeding 3% of the Company’s latest audited net assets calculated in accordance with International Financial Reporting Standards);
2. Where the Company assumes special risks in the project, including but not limited to undertaking projects in high-risk areas;

3. Where the Company assumes risks of uncertain liabilities in the project.

If pursuant to relevant Chinese laws and regulations, the Articles of Association, or regulatory provisions in the place where the Company's shares are listed, contracts related to the Company's principal business operations, such as EPC contracting that require approval by the general meeting, they shall be submitted to the general meeting for consideration.

(IV) Borrowings

The board of directors shall approve borrowing with a single amount less than 25% of the Company's net assets in the most recently published audited accounts or the most recently published interim report prepared in accordance with International Financial Reporting Standards (whichever is more recent). The chairman of the board is authorized to approve borrowing with a single amount is 5% or more but is less than 10% of the Company's net assets as calculated under International Financial Reporting Standards in the most recently published audited accounts or the most recently published interim report (whichever is more recent). The president is authorised to approve borrowing with a single amount less than 5% of the Company's net assets as calculated under International Financial Reporting Standards in the most recently published audited accounts or the most recently published interim report (whichever is more recent).

If a loan agreement entered into by the Company or any of its subsidiaries contains a condition imposing a specific performance obligation on any controlling shareholder (such as requiring the shareholder to maintain a minimum percentage of the Company's share capital), and a breach of such obligation would constitute a breach of the loan agreement, and such loan is material to the business operations of the Company and its subsidiaries, then such loan shall be subject to the approval of the board of directors.

If the controlling shareholder of the Company pledges the equity interests in the Company's shares as security for the Company's debts, or as a guarantee for the Company to obtain support for guarantees or other liabilities, such loan shall be approved by the board of directors.

(V) External Guarantees and Financial Assistance

External guarantee of the Company shall be considered by the board of directors and approved by a two-thirds or more of the directors attending the meeting. Where such matter requires approval by the general meeting pursuant to laws, regulations, the Articles of Association, or resolutions of the general meeting, it shall also be submitted to the general meeting for consideration and approval.

When the board of directors considers and approves the Company providing parent performance guarantee for its subsidiaries to undertake EPC, construction, and other principal business projects, an annual cap can be set. Performance guarantee of which the amount is within such annual cap needs not to be submitted separately for the consideration and approval by the board of directors but must be promptly reported to the board in writing. The terms of such guarantee shall comply with engineering market practices. Guarantee of which the amount exceeding the annual cap or with terms inconsistent with engineering market practices or imposing special obligation or liabilities on the Company, shall still be submitted to the board of directors for consideration and approval. Where shareholder approval is required, such guarantee shall also be submitted to the general meeting for consideration.

If the aggregate amount of financial assistance provided by the Company or its subsidiaries to an affiliated company (as defined in the Listing Rules), together with any guarantees given by the Company or its subsidiaries in respect of financing for such affiliated company, exceeds 8% when calculated based on the asset ratio defined in item (1) of the Article 5 of these Rules, such financial assistance and/or guarantees shall be subject to the approval of the board of directors.

(VI) External Donation

The board of directors is authorized to decide on external donation with a single donation amount exceeds RMB1 million. The external donations with a single donation amount does not exceed RMB1 million shall be approved by the chairman of the board, directors, president and other relevant parties as stipulated in the Company's internal management policies.

(VII) With respect to item (II) above, a series of transactions shall be aggregated and treated as one transaction if they were all completed within a 12 month period or are otherwise related.

In determining whether transactions should be aggregated, factors to be considered include whether the transactions:

1. are entered into by the Company (or its subsidiaries) with the same party, or with parties connected or otherwise associated with one another;
2. involve the acquisition or disposal of securities or an interest in one particular company or group of companies;
3. involve acquisition or disposal of parts of one asset; or
4. together lead to substantial involvement by the Company (or its subsidiaries) in a business activity which did not previously form part of the principal business activities of the Company (or its subsidiaries).

(VIII) If the aforementioned matters constitute connected transactions under the regulatory rules of the places where the Company's shares are listed, they shall be handled in accordance with the relevant provisions.

CHAPTER 3 PROCEDURES FOR HOLDING OF THE BOARD MEETING

Section 1 General Provisions

Article 5 The board meetings shall include regular board meetings and extraordinary board meetings. The board of directors shall hold at least 4 regular meetings each year.

Article 6 The regular board meetings shall include the following:

- (i) The annual results meetings

The annual results meetings shall be held within 3 months from the end of the fiscal year of the Company. The directors shall consider the Company's annual reports and deal with other relevant matters at such meetings. The timing of such meetings shall ensure that the annual results announcement and the annual report of the Company will be dispatched to the shareholders within the time limit specified by the Relevant Regulatory Rules, the Articles of Association and these Rules, and shall ensure that the preliminary annual financial results of the Company will be announced within the time limit specified by the Relevant Regulatory Rules, and shall ensure that the annual general meeting will be held within 6 months from the end of the fiscal year of the Company.

(ii) The interim results meetings

The interim results meetings shall be held within 2 months from the end of the first 6 months of the fiscal year of the Company at which the Company's interim results announcement and the interim report will be considered other relevant matters will be handled.

(iii) Other regular meetings

Article 7 The chairman of the board shall approve the issue of a notice convening the extraordinary board meeting within 10 days from the date of receipt of the board meeting proposal in any one of the following events:

- (1) where the shareholder representing 10% or more of the voting rights proposes;
- (2) where the chairman of the board deems necessary;
- (3) where 1/3 or more of the directors propose;
- (4) where the audit committee of the board of directors proposes;
- (5) where the president proposes;
- (6) any situation provided by the Articles of Association and these Rules.

Article 8 All the board meetings can be held by the way of on-site meetings.

Apart from on-site meetings, the board meetings can be held by the way of video conference, telephone conference, written resolution, or any other methods, provided that directors are ensured to fully communicate and express their opinions. Regular meeting does not include obtaining board consent through circulating written resolutions.

When the Company holds the board meetings by way of video conference, telephone conference, or other methods, all attending directors shall be deemed to have attended the meeting in person, provided that the attending directors are able to hear clearly the director who speaks at the meeting and communicate among themselves. The meeting held by this way shall be recorded or videotaped. In the event that the attending directors are unable to sign for the resolutions on such board meeting, they shall express their opinions orally or by a show of hands during the meeting and shall complete the signing procedures as soon as practicable. The verbal or show-of-hands voting by a director shall have the same effect as signing the resolution, provided that there is no discrepancy between the written opinion expressed by such director in completing signing procedure and the opinions orally or by a show of hands expressed by him/her during the meeting. In case of any inconsistency, the vote cast at the board meeting shall prevail.

Unless there is other requirements in the regulatory rules of the places where the shares of the Company is listed, in the case where an on-site meeting or a video or telephone conference meeting or other methods is impractical, the board meeting can be held by written resolution, in which case the proposed resolution for consideration and approval shall be sent in written form to all of the directors for their approval, and directors participating in the vote shall complete the corresponding written signature procedures within the time limit specified in the notice of the board meeting. Unless otherwise expressed by the directors, signing on the written resolution by the director shall be sufficient evidence that his/her has agreed with the resolution.

Section 2 Putting forward the Resolutions

Article 9 The resolutions of the board meetings shall be put forward primarily under the following circumstances:

- (1) matters required to be submitted to the board of directors for consideration under Relevant Regulatory Rules and the Articles of Association;
- (2) matters proposed by the directors;
- (3) proposal from the special committees of the board of directors;
- (4) matters proposed by the president;
- (5) matters to be considered by the general meeting of the subsidiaries of the Company or company in which the Company holds equity interest.

Article 10 The secretary to the board shall be responsible for organizing and collecting the draft proposals in respect of the matters to be considered at the meeting. The relevant party who puts forward the resolution to the board meeting shall submit the resolution details and relevant explanatory materials before the date of the meeting. If any matter that is required to be approved in advance by 1/2 or more of the independent directors or the special committee of the board of directors in accordance with Relevant Regulatory Rules and the Articles of Association, such resolution shall only be put forward to the board of directors for consideration after completing the prescribed procedures.

The relevant materials with the time, venue and agenda of the board meeting shall be submitted to the chairman of the board after being organized and reviewed by the secretary to the board.

Section 3 Notice of Meeting

Article 11 A board meeting shall be convened by the chairman of the board. The vice chairman shall assist the chairman with his/her work. Where the chairman fails to convene a meeting for no reasons or is unable to convene a meeting for special reasons, the meeting shall be convened by the vice chairman. Where vice chairman is unable to convene or fails to convene the meeting, the meeting shall be convened by the director recommended by a majority of all the directors.

The convener of the board meeting shall be responsible for approving the issue of the notice of the board meeting.

Article 12 A notice for a regular board meeting shall be given to directors at least 14 days in advance, and a notice for an extraordinary board meeting shall be given to directors at least 5 days in advance.

Article 13 Meeting materials for the board meeting shall be sent out at least 3 days in advance.

The meeting materials shall include the notice of the meeting and relevant materials formally signed by the convener of the meeting. The notice of the meeting usually will include the following:

- (1) the time and venue of the meeting;
- (2) the duration of the meeting;
- (3) the agenda, reasons and resolutions of the meeting;
- (4) the date of the issue of the notice.

The meeting materials shall be copied to other senior management who will present at the meeting.

Article 14 Under special circumstances, where an extraordinary board meeting needs to be held as soon as possible, notice of the meeting can be sent by way of telephone communication, oral communication or other methods at any time, provided that the convener shall explain the reason and the circumstance is recorded in the minutes of the board meeting.

Any director can waive the right to receive the notice of board meeting and materials within the time limit stipulated in these Rules. Notice of a meeting and materials shall be deemed to have been sent to the director who has attended the meeting but not raised an objection before or upon the commencement of the board meeting, for not receiving the notice and materials.

Article 15 The notice of the board meeting or written material can be delivered to directors by hand, post, email, or other method. The notice shall be in Chinese, with an English version attached when necessary.

Section 4 Holding of Meetings

Article 16 After the issue of the notice of a board meeting and materials and before the date of the meeting, the secretary to the board shall be responsible for, and shall communicate and liaise with all directors, especially the independent directors, to seek their opinions or suggestions in respect of the resolution of the meeting, and shall pass these opinions or suggestions to the party who propose the resolutions, so as to enable necessary amendments to be made to the resolution. The secretary to the board shall also, in a timely manner, arrange the provision of the supplemental materials which are required for the directors to make informed decisions on the resolution to be considered at the meeting, including the background information relating to the matters to be considered at the meeting and other information which will assist the director in making scientific, efficient and prudent decision.

Article 17 Unless otherwise provided for in the Relevant Regulatory Rules, the Articles of Association, and these Rules, board meeting shall only be held if a majority of all the directors of the Company (including directors who have appointed other director to attend the board meeting on their behalf by written proxy) have attended the meeting.

Article 18 If the Company repurchases its own shares under the following circumstances, a resolution shall be passed at a board meeting attended by 2/3 or more of the directors pursuant to the Articles of Association:

- (1) to use the shares for an employee stock ownership plan or equity incentive;
- (2) to use the shares to convert the corporate bonds issued by the Company that are convertible into shares; or
- (3) necessary for maintaining the value of the Company and the interests of its shareholders.

Article 19 Directors shall attend the board meetings in person. Where a director is unable to attend a meeting for any reason, he/she can by a written power of attorney appoint another director to attend the meeting on his/her behalf, provided that he/she has reviewed the meeting materials in advance and formed a clear opinion.

The power of attorney shall set out the name of the attorney, the particulars and the scope of authorization, validity period of such authorization, and shall be signed or sealed by the appointing director. In respect of the voting instruction on the resolution, the appointing director shall explicitly state his/her opinion on voting for, against the resolution or abstained from voting in the power of attorney.

Article 20 Directors shall not make or accept a power of attorney without voting instruction, a full authorization, or a power of attorney with an unclear scope of authorization. 1 director shall not be the agent for more than 2 directors to attend 1 board meeting. The independent director shall not appoint a non-independent director to attend the meeting on his/her behalf. When considering connected transactions, non-related director shall not appoint related directors to attend the meeting on his/her behalf.

The responsibility of a director for resolution to be considered shall not be exempted by appointing another director to attend on his/her behalf.

Article 21 If a director doesn't attend a board meeting and fails to appoint another director to attend on his/her behalf, such director shall be deemed to have waived his/her rights to vote at the meeting.

Article 22 The board meeting shall be chaired by the chairman of the board, the vice chairman shall assist the chairman with his/her work. Where the chairman fails to chair a meeting for no reasons or is unable to chair a meeting for special reasons, the meeting shall be chaired by the vice chairman. Where vice chairman is unable to chair or fails to chair the meeting, the meeting shall be chaired by the director recommended by a majority of all the directors.

Section 5 Consideration and Voting at Meetings

Article 23 The presider of the meeting shall declare the commencement of the meeting as scheduled. The directors who attend the meeting shall agree on the agenda of the meeting first after the commencement of the meeting. Where 1/4 or more of the directors or 2 or more of independent directors are of the opinion that the materials of the meeting are insufficient or unclear, they can jointly propose to the postponement of such board meeting or the relevant proposal shall not be considered on such board meeting, and the presider shall adopt such a proposal.

Article 24 When agreed on the agenda of the meeting by the directors attending the meeting, the resolution shall be considered one by one as directed by the presider of the meeting. The senior management in charge of the relevant business shall report the work or make resolution presentation to the board of directors.

Article 25 When considering the relevant proposal, resolution and report, in order to understand the key points and the background information of the resolution in detail, the board meeting can require the head of the department which is responsible for handling the resolution to present at the meeting, to facilitate the director to receive and make enquiries on the materials on the resolution. If during the consideration process, any resolution to be considered is found to be unclear or infeasible, the board of directors shall require the department which is responsible for handling the resolution to explain at the meeting, and the resolution can be removed for re-handling without voting.

Article 26 In considering the resolution at the board meeting, all attending directors shall express their opinions in respect of voting for or against such resolutions or abstained from voting.

The director who attended the board meeting on behalf of other director shall exercise the voting rights within the authorization.

Article 27 A resolution of the board of directors must be passed by a majority of all directors, except where otherwise provided for in the Relevant Regulatory Rules and the Articles of Association.

Article 28 Where the board of directors resolves to issue new shares pursuant to the Articles of Association or under the authorization of the general meeting, such resolution of the board of directors shall be passed by 2/3 or more of all directors.

Article 29 In the interests of the Company, the board of directors can, pursuant to the Articles of Association or under the authorization of the general meeting, resolve that the Company can provide financial assistance to others for the acquisition of shares of the Company or its parent company, provided that the aggregate amount of such financial assistance shall not exceed 10% of the total issued share capital. Such resolution of the board of directors shall be passed by 2/3 or more of all directors.

Article 30 The resolution of the board of directors can be decided by way of: show of hands, verbal, or written poll. Each director shall have 1 vote.

Article 31 Where directors have related relations with the enterprises or individual involved in the resolution of the board of directors, such director shall promptly submit a written report to the board of directors. If an independent director discovers any circumstances that may affect his/her independence in relation to a matter under consideration, he/she shall declare the same to the Company and shall abstain from voting. The related director shall neither vote on this resolution nor act as agent for other director to exercise voting power, and his/her vote shall not be counted towards the total voting right. Such board meeting can be held if a majority of the non-related directors attending the meeting and the resolution passed by a majority of the non-related directors. If less than 3 non-related directors can attend the board meeting, the relevant resolution shall be submitted directly to the general meeting for consideration.

Article 32 In principle, the board meeting shall resolve all the matters considered at the meeting.

Article 33 The board of directors shall prepare the meeting minutes in Chinese regarding the decisions on the resolution considered at the meeting. Minutes of the board meeting are the official proof of the decisions of the resolution to be considered at the meeting and shall state the following:

- (1) the date, venue, names of the conveners and presider of the meeting;
- (2) the names of the attended directors and the names of the directors (proxies) attended the meeting on behalf of other director;
- (3) the agenda of the meeting;
- (4) the key points of the directors' presentations (the meeting by written resolution shall be subject to the directors' feedback in writing);
- (5) the voting method and result of each resolution (the voting result shall set out the respective numbers of votes that voting for, against or abstained).

Article 34 The secretary to the board shall arrange the matters considered at the meeting to be properly recorded and summarized. The attended directors, the secretary to the board and the minute-taking personnel shall sign the minutes of the board meeting.

The minutes of the board meeting, shall be properly maintained as an important corporate document.

Section 6 Matters after the Meetings

Article 35 The board of directors shall strictly comply with the requirements of the Relevant Regulatory Rules to fulfil its information disclosure obligations regarding the matters considered or resolutions passed at the board meeting.

Article 36 Persons who have knowledge of the matters considered at the board meeting shall strictly fulfil their confidentiality obligations. The person who breaches such obligation shall bear corresponding liabilities.

Article 37 Matter requiring approval by the general meeting shall not be implemented until it is submitted to the general meeting for approval after consideration and approval by the board meeting.

Article 38 After resolution is passed at a board meeting, the president shall implement the resolution which fall within the scope of the authority of the president, or within the delegation by the board of directors to the president or other senior management members to handle. The president shall report the status of implementation to the board of directors on a regular basis or as required by the chairman of the board.

Article 39 The chairman of the board or any director authorized by the chairman of the board shall have the power to inspect and supervise the implementation of the resolution of the meeting.

Article 40 The secretary to the board shall oversee the implementation of the resolution and requirements of the board meetings, and shall, in a timely manner, report to and submit proposals to the board of directors and the chairman in relation to the important matters to be implemented.

CHAPTER 4 SUPPLEMENTARY PROVISIONS

Article 41 Unless otherwise stated, the terms used in these Rules shall have the same meanings as those in the Articles of Association.

Article 42 These Rules shall come into effect upon approval by the general meeting by a special resolution.

Article 43 The amendments to these Rules shall be proposed by the board of directors and submitted to the general meeting for approval by a special resolution.

Article 44 These Rules shall be explained by the board of directors.

Article 45 If the matter is not covered by these Rules or if there is any conflict between these Rules and Relevant Regulatory Rules as promulgated from time to time, the provisions of the Relevant Regulatory Rules shall prevail.