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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about any of the contents of this circular or as to what action to take in relation to this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Yankuang Energy Group Company Limited\***, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.

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兗礦能源集團股份有限公司

**YANKUANG ENERGY GROUP COMPANY LIMITED\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01171)**

**(1) PROPOSED PROFIT DISTRIBUTION POLICY  
OF THE COMPANY FOR 2023-2025; AND  
(2) PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION**

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The notice convening the EGM to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. on Friday, 27 October 2023 was published on 28 September 2023.

Whether or not you are able to attend the meeting in person, you are strongly advised to complete and sign the form of proxy in accordance with the instructions printed thereon. The form of proxy shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC (for holders of A Shares) as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting or any adjourned meeting (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

\* *For identification purposes only*

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meaning:*

“A Shareholders”	holders of A Shares;
“A Share(s)”	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company” or “Yankuang Energy”	Yankuang Energy Group Company Limited*(兗礦能源集團股份有限公司), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“Company Law”	Company Law of the People’s Republic of China, as revised from time to time;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“EGM”	the 2023 first extraordinary general meeting of the Company to be held at the headquarters of the Company, 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. on Friday, 27 October 2023;
“Group”	the Company and its subsidiaries;
“H Shareholders”	holders of H Shares;
“H Share(s)”	overseas listed foreign invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;

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## DEFINITIONS

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“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as revised from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Latest Practicable Date”	Friday, 22 September 2023, being the latest practicable date of ascertaining certain information contained in this circular before the issuing of this circular;
“PRC”	The People’s Republic of China excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), a state-controlled limited liability company which is ultimately owned as to 70%, 20%, and 10% by Shandong Provincial People’s Government State-owned Assets Supervision and Administration Commission* (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd.* (山東國惠投資控股集團有限公司) and Shandong Caixin Assets Operation Co., Ltd.* (山東省財欣資產運營有限公司), respectively; and the controlling shareholder of the Company holding directly and indirectly approximately 54.67% of the total issued share capital of the Company as at the Latest Practicable Date;
“Shareholders”	the shareholders of the Company;
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company;
“2023-2025 Profit Distribution Policy”	the proposed profit distribution policy of the Company for 2023-2025;
“%”	per cent.

\* For identification purposes only

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## LETTER FROM THE BOARD

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兗礦能源集團股份有限公司

**YANKUANG ENERGY GROUP COMPANY LIMITED\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01171)**

*Directors:*

Li Wei  
Xiao Yaomeng  
Liu Jian  
Liu Qiang  
Zhang Haijun  
Su Li  
Huang Xiaolong

*Registered office:*

949 South Fushan Road  
Zoucheng  
Shandong Province  
PRC  
Postal Code: 273500

*Principal place of business in Hong Kong:*

40th Floor, Sunlight Tower  
248 Queen's Road East  
Wanchai  
Hong Kong

*Independent non-executive Directors:*

Peng Suping  
Zhu Limin  
Woo Kar Tung, Raymond  
Zhu Rui

28 September 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED PROFIT DISTRIBUTION POLICY  
OF THE COMPANY FOR 2023-2025; AND  
(2) PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION**

**I. INTRODUCTION**

The purpose of this circular is to provide you with information relating to (1) the proposed profit distribution policy of the Company for 2023-2025; and (2) the proposed amendments to the Articles of Association.

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## LETTER FROM THE BOARD

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### II. PROPOSED PROFIT DISTRIBUTION POLICY OF THE COMPANY FOR 2023-2025

To increase the return of the Shareholders and to share its development with the investors, the Company proposes to determine its 2023-2025 Profit Distribution Policy in accordance with relevant laws, regulations and regulatory documents, including the Company Law of the PRC, the Securities Law of the PRC, the Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No. 37) and the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (2022 Revision) (CSRC Notice [2022] No. 3) of the CSRC, the Guideline on Cash Dividend of Listed Companies (Shang Zheng Gong Zi [2013] No. 1) as well as relevant provisions of the Articles of Association.

#### 1. Current profit distribution policy

Pursuant to the Articles of Association, the total cash dividends distributed by the Company shall account for approximately 35% of the Company's net profit (the lower of the after-tax profits of the financial statements under PRC Accounting Standards and International Financial Reporting Standards shall be adopted) after deducting the statutory reserve for that particular accounting year.

As considered and approved by the general meeting held on 9 December 2020, the Company's profit distribution policy for 2020-2024 was determined as follows: the total cash dividends distributed by the Company in each accounting year shall account for approximately 50% of the Company's net profit (the lower of the after-tax profits of the financial statements under PRC Accounting Standards and International Financial Reporting Standards shall be adopted) for the accounting year after deducting statutory reserves, and the cash dividends per share shall not be less than RMB0.5.

#### 2. 2023-2025 Profit Distribution Policy

Focusing on the long-term and sustainable development of the enterprise, based on the comprehensive consideration of the Company's development strategy, shareholders' willingness, external financing environment, actual operation and other factors, the Company proposed to determine the 2023-2025 Profit Distribution Policy as follows: the total cash dividends distributed by the Company in each accounting year shall account for approximately 60% of the Company's net profit (the lower of the after-tax profits of the financial statements under PRC Accounting Standards and International Financial Reporting Standards shall be adopted) for the accounting year after deducting statutory reserves, and the cash dividends per share shall not be less than RMB0.5.

#### 3. Impact on the Company

Taking into account the actual operation situation and capital expenditure plan, the 2023-2025 Profit Distribution Plan will not affect the daily operation of the Company.

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## LETTER FROM THE BOARD

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### 4. Approval procedures

2023-2025 Profit Distribution Plan has been considered and approved by the first meeting of the ninth session of the Board and the first meeting of the ninth session of the Supervisory Committee, respectively. The independent Directors have expressed their positive independent opinions, and the proposal will be submitted to the EGM as a special resolution for consideration.

### III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The second meeting of the ninth session of the Board considered and approved the Resolution in relation to the Amendment to the Articles of Association (the “**Proposed Amendment**”). The Board agreed to submit the same to the general meeting of the Company for discussion and consideration.

As disclosed in the announcement of the Company dated 25 August 2023, in order to reflect the changes in the share capital structure and registered capital of the Company, conform with the Administrative Measures for the Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) newly issued by the CSRC, and further improve the relevant expressions about “Adoption of Party Building into Articles of Association”, the Board proposed to amend the relevant terms of the Articles of Association.

The details of the Proposed Amendment are set out in Appendix I to this circular.

### IV. EGM

The notice convening the EGM was published on 28 September 2023.

The following resolutions will be proposed to the Shareholders at the EGM:

As special resolutions:

1. To consider and approve the proposed profit distribution policy of the Company for 2023-2025; and
2. To consider and approve the amendments to the Articles of Association of Yankuang Energy Group Company Limited\*.

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## **LETTER FROM THE BOARD**

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Whether or not you are able to attend the meeting in person, you are strongly advised to complete and sign the form of proxy dated 28 September 2023 in accordance with the instructions printed thereon. For holders of H Shares of the Company, the proxy form shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For holders of A Shares of the Company, the proxy form shall be lodged at the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

### **V. CLOSURE OF H SHARE REGISTER OF MEMBERS OF THE COMPANY**

The H Share register of members of the Company will be closed from Thursday, 19 October 2023 to Friday, 27 October 2023 (both days inclusive), during which period no transfer of the Company's H Shares will be registered for the purpose of ascertaining the eligibility of Shareholders to attend the EGM. In order to attend the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 18 October 2023 for registration. H Shareholders whose names appear on the H Share register of members of the Company maintained by Hong Kong Registrars Limited at the close of business on Wednesday, 18 October 2023 will be eligible to attend the EGM.

### **VI. RECOMMENDATION OF THE BOARD**

The Directors believe that the resolutions set out in the notices of the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the EGM.

### **VII. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

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## LETTER FROM THE BOARD

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### VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the board of directors  
**Yankuang Energy Group Company Limited\***  
**Li Wei**  
*Chairman*

## APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As disclosed in the announcement of the Company dated 25 August 2023, in order to reflect the changes in the share capital structure and registered capital of the Company, conform with the Administrative Measures for the Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) newly issued by the CSRC, and further improve the relevant expressions about “Adoption of Party Building into Articles of Association”, the Board proposed to amend the relevant terms of the Articles of Association.

Details of the proposed amendments to the Articles of Association are set out as follows:

Original	Amendments
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p><b>Article 4</b> The Company’s address: 949 South Fushan Road, Zoucheng, Shandong Province, China, with registered capital of RMB<u>4,948,703,640</u>. Telephone number: 0537-5383310 Facsimile number: 0537-5383311 Postal code: 273500</p>	<p><b>Article 4</b> The Company’s address: 949 South Fushan Road, Zoucheng, Shandong Province, China, with registered capital of RMB<u>7,442,040,720</u>. Telephone number: 0537-5383310 Facsimile number: 0537-5383311 Postal code: 273500</p>
CHAPTER 3 SHARES	CHAPTER 3 SHARES
<p><b>Article 16</b> Subject to the approval of the companies approving department authorised by the State Council, the Company has issued a total of <u>4,948,703,640</u> ordinary shares, of which 1,670,000,000 ordinary shares were issued to the promoters at the time of establishment.</p>	<p><b>Article 16</b> Subject to the approval of the companies approving department authorised by the State Council, the Company has issued a total of <u>7,442,040,720</u> ordinary shares, of which 1,670,000,000 ordinary shares were issued to the promoters at the time of establishment.</p>
<p><b>Article 17</b> The share capital structure of the Company is as follows: <u>4,948,703,640</u> ordinary shares, of which (a) <u>3,048,703,640</u> shares, which represent <u>61.61%</u> of the Company’s share capital, are held by A Shares shareholders; (b) <u>1,900,000,000</u> shares, which represent <u>38.39%</u> of the Company’s share capital, are held by the H Shares shareholders.</p>	<p><b>Article 17</b> The share capital structure of the Company is as follows: <u>7,442,040,720</u> ordinary shares, of which a) <u>4,592,040,720</u> shares, which represent <u>61.70%</u> of the Company’s share capital, are held by A Shares shareholders; (b) <u>2,850,000,000</u> shares, which represent <u>38.30%</u> of the Company’s share capital, are held by the H Shares shareholders.</p>
CHAPTER 7 BOARD OF DIRECTORS	CHAPTER 7 BOARD OF DIRECTORS
<p><b>Article 106</b> Independent Directors are directors who do not hold any positions in the Company other than as director and do not maintain with the Company and its substantial shareholders a connection which may <del>hamper</del> their independent and objective judgments.</p>	<p><b>Article 106</b> Independent Directors are directors who do not hold any positions in the Company other than as director and do not <u>have a direct or indirect interest in the Company, its substantial shareholders and de facto controllers</u> or any other relationship which may <u>affect</u> their independent and objective judgments.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original	Amendments
<p><b>Article 110</b> The term of office of the independent directors is the same with that of the other directors of the Company. The term is renewable upon re-election after expiry, but shall not be more than six (6) years.</p> <p><del>Any independent director shall not be removed before the expiry of his term of office without appropriate reason. Any removal before the expiry of term shall be disclosed by the Company as a special disclosable matter.</del></p>	<p><b>Article 110</b> The term of office of the independent directors is the same with that of the other directors of the Company. The term is renewable upon re-election after expiry, but shall not be more than six (6) years.</p> <p><u>The Company may terminate an independent director duty in accordance with legal procedures before the expiry of his term of office.</u></p>
<p><b>Article 113</b> Independent directors shall attend the meetings of the board of directors on time, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision.</p> <p>Independent directors shall submit an annual working report for <del>all independent directors</del> at the annual general meeting of the Company providing explanation in respect of the performance of their duties.</p>	<p><b>Article 113</b> Independent directors shall attend the meetings of the board of directors on time, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision.</p> <p>Independent directors shall submit an annual working report for at the annual general meeting of the Company providing explanation in respect of the performance of their duties.</p>
<p><b>Article 115</b> If an independent director fails to attend <del>three</del> consecutive board meeting in person, <del>the board of directors shall recommend his removal to a shareholders' general meeting.</del></p>	<p><b>Article 115</b> If an independent director fails to attend <u>two</u> consecutive board meeting in person <u>or appoint another independent director to attend on his behalf</u>, the board of directors shall, within thirty days from the date of occurrence of such fact, propose to convene a shareholders' general meeting to terminate his duties as an independent director.</p>
<p><b>Article 117</b> An independent director may tender his resignation before the expiry of his term of office. He should deliver a written resignation letter to the board of directors, which explains any circumstances that are relevant to his resignation or that he considered necessary for the shareholders and creditors to pay attention.</p> <p>If an independent director's resignation results in the number of independent directors or member of the board of directors falling below the legally prescribed minimum or the minimum under these Articles of Association, before the appointment of a new independent director, the independent director shall perform his duties according to the laws, administrative regulations and requirements under this Article of Association. <del>The board of directors shall convene a shareholders' general meeting within two months to elect are placement. If not within two months, the independent director may not continue to perform his duties.</del></p>	<p><b>Article 117</b> An independent director may tender his resignation before the expiry of his term of office. He should deliver a written resignation letter to the board of directors, which explains any circumstances that are relevant to his resignation or that he considered necessary for the shareholders and creditors to pay attention.</p> <p>If an independent director's resignation results in the number of independent directors or member of the board of directors falling below the legally prescribed minimum or the minimum under these Articles of Association, <u>or which results in the proportion of independent directors on the board of directors or its specialized committees not complying with the statutory or these bylaws requirements, or where there is a shortage of accounting professionals among the independent directors</u>, before the appointment of a new independent director, the independent director shall perform his duties according to the laws, administrative regulations and requirements under this Article of Association. <u>The Company shall complete the by-election within sixty days from the date on which the independent director tenders his resignation.</u></p>

**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original	Amendments
CHAPTER 16 PARTY ORGANIZATION AND TRADE UNIONS	CHAPTER 16 PARTY ORGANIZATION
<p><b>Article 194</b> In accordance with the “Constitution of the Communist Party of China” and relevant regulations, the Company shall establish the Party Committee of Yankuang Energy Group Company Limited of the Communist Party of China (hereinafter referred to as the “Party Committee of the Company”) and the Discipline Inspection Committee of Yankuang Energy Group Company Limited of the Communist Party of China (hereinafter referred to as the “Discipline Committee of the Company”), and shall establish working organs of the Party as well as allocate and maintain staff members to handle Party affairs. Candidates of the secretary, deputy secretary and members of the Party Committee of the Company, and secretary of the Discipline Committee of the Company shall be examined and approved according to the personnel management authority.</p> <p>Pursuant to the relevant regulations, the Party Committee of the Company shall <del>gradually establish the grass-root organizations of the Party by combining the actual situation of the Company and carry out the activities of the Party. The Party Committee of the Company shall hold regular re-elections in accordance with the “Provisional Regulations on the Election of Grass-root Organizations of the Communist Party of China”.</del></p> <p><del><b>Article 195</b> The Party organization of the Company shall play a core role in leadership and politics, and shall carry out the works by holding the general direction, controlling the general situation and ensuring implementation. The Company shall establish a decision-making mechanism for the Party Committee of the Company, and clearly define the boundaries of the responsibilities of the Party Committee of the Company, and the scope and procedures for decision-making and participation by the Party Committee of the Company in relation to decisions of material matters. The Party Committee of the Company, when making decisions, shall adhere to the principles of collective leadership, democratic centralism, individual deliberation and resolution by meetings. Material matters shall be fully consulted and shall be decided scientifically, democratically and in accordance with the law.</del></p>	<p><b>Article 194</b> In accordance with the “Constitution of the Communist Party of China” and relevant regulations, the Company shall establish the Party Committee of Yankuang Energy Group Company Limited of the Communist Party of China (hereinafter referred to as the “Party Committee of the Company”) and the Discipline Inspection Committee of Yankuang Energy Group Company Limited of the Communist Party of China (hereinafter referred to as the “Discipline Committee of the Company”), and shall establish working organs of the Party as well as allocate and maintain staff members to handle Party affairs. Candidates of the secretary, deputy secretary and members of the Party Committee of the Company, and secretary of the Discipline Committee of the Company shall be examined and approved according to the personnel management authority.</p> <p><u><b>Article 195</b> Pursuant to the relevant regulations, the Party Committee of the Company shall establishes level by level primary Party Committees, general Party branch Committees and Party branch Committees in accordance with relevant regulations, establishes and improves primary Party organizations and deploys Party affairs personnel. The Company shall provide conditions which are prerequisite for the activities of the Party organisation of the Company, secure the working expenses of Party organizations. The Party organization of the Company conducts general elections on a regular basis in accordance with the Regulations on the Election of Primary Organizations of the Communist Party of China.</u></p>

**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original	Amendments
<p><del><b>Article 196</b> The institutional structure, division of responsibilities, allocation of staff members, working tasks and financial support of the Party Committee of the Company shall be incorporated into the management system in order to provide the necessary conditions to facilitate the activities of the Party organization.</del></p> <p><del><b>Article 197</b> The Company's employees may form trade unions, carry on trade union activities and protect their legal rights. The Company shall provide the necessary conditions for such activities.</del></p> <p><del><b>Article 198</b> The Company shall implement democratic management in accordance with the provisions of the laws and administrative regulations by hold employee representative meetings and in other ways.</del></p> <p><del><b>Article 199</b> When the Company studies material matters in relation to merger, division, change in systems, dissolution, insolvency application and matters in relation to the personal interests of employees such as employees' remuneration, benefits, production safety, labour protection and labour insurance, the Company shall listen to the opinions and recommendations from the trade unions and employees of the Company, and carry out the necessary democratic procedures in accordance with the relevant regulations.</del></p>	<p><u><b>Article 196</b> The Party Committee of the Company shall play a leading role, set the right direction, keep in mind the big picture, promote the implementation, discuss and decide on major issues of the Company in accordance with the regulations. Material matters relating to operation management shall be first deliberated and discussed by the Party Committee before they are submitted to the board of directors or the management of the Company for determination. The primary responsibilities of Party Committee are:</u></p> <p align="center"><u>(1) to enhance the political construction of the Company' Party, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;</u></p> <p align="center"><u>(2) to thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organisation at a higher level in the Company; promote the Company to take up its responsibilities and missions, focus on its main responsibilities and businesses, serve the national and provincial major strategies, and fully fulfill its economic, political and social responsibilities;</u></p> <p align="center"><u>(3) to investigate and discuss the significant operation and management matters of the Company and support the shareholders' general meeting, the board of directors, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;</u></p> <p align="center"><u>(4) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;</u></p>

**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original	Amendments
	<p>(5) to undertake the main responsibility of the Company to govern the Party comprehensively with strict discipline, lead and support the discipline inspection and supervision agency to fulfill its supervisory responsibility, to strict political discipline and political rules, and to promote the overall and strict governance of the Party to the grassroots extension;</p> <p>(6) to strengthen the building of working style of the Party in the Company, strictly implement the spirit of the eight-point code of conduct issued by the Party Central Committee and take a firm stand against undesirable work styles, such as formalism, bureaucracy, hedonism and extravagance, especially the formalism and bureaucracy;</p> <p>(7) to strengthen the building of grassroots Party organizations and the Party member team, and unite and lead employees to actively devote themselves into the reform and development of the Company;</p> <p>(8) to lead the ideological and political work, the spirit and civilisation construction and the united front work of the Company, as well as lead mass organizations such as the Labor Union, Communist Youth League and women’s organisation of the Company.</p> <p><b>Article 197</b> The Company formulated a list of issues to be studied to further clarifies the power and duties of the Party Committee and other authority units such as the board of directors, the Supervisory Committee and the senior management.</p> <p>The Party Committee strictly controls the decision-making proposals authorized by the board of directors to prevent irregular authorization and excessive authorization. In general, the Party Committee does not conduct any prior study or discussion of the decision-making matters authorized by the board of directors to the Chairman and the management.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original	Amendments
	<p><b>Article 198</b> The Company shall adhere and improve the leadership mechanism of “Dual Entry and Cross Appointment”. Eligible members of the Party Committee may be appointed to join the board of directors and the management team through statutory procedures, and eligible Party members in the board of directors and the management may be appointed to join the Party Committee in accordance with the relevant regulations and procedures.</p> <p><b>Article 199</b> The Party Committee of the Company implements the system of combining collective leadership with individual division of responsibilities. Members of the leadership team of the Party Committee who are going to be the members of the board of directors, Supervisory Committee and the senior management must implement the decisions of the Party Committee.</p>
	<p><b>CHAPTER 17 TRADE UNIONS</b></p>
	<p><b>Article 200</b> The Company’s employees may form trade unions, carry on trade union activities and protect their legal rights. The Company shall provide the necessary conditions for such activities.</p> <p><b>Article 201</b> The Company shall implement democratic management in accordance with the provisions of the laws and administrative regulations by hold employee representative meetings and in other ways.</p> <p><b>Article 202</b> When the Company studies material matters in relation to merger, division, change in systems, dissolution, insolvency application and matters in relation to the personal interests of employees such as employees’ remuneration, benefits, production safety, labour protection and labour insurance, the Company shall listen to the opinions and recommendations from the trade unions and employees of the Company, and carry out the necessary democratic procedures in accordance with the relevant regulations.</p>

The Company shall submit the amended Articles of Association to the municipal registration authority of Jining City, Shandong Province for filing, and the other terms of the Articles of Association remain unchanged except the amendments above.