



馬 鞍 山 鋼 鐵 股 份 有 限 公 司  
**Maanshan Iron & Steel Company Limited**

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

**(Stock Code: 00323)**

**WORKING RULES OF THE REMUNERATION COMMITTEE  
UNDER THE BOARD OF  
DIRECTORS OF MAANSHAN IRON & STEEL COMPANY  
LIMITED**

Note : This document is drafted in Chinese and English translation is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

# **Working Rules of the Remuneration Committee under the Board of Directors of Maanshan Iron & Steel Company Limited**

## **Chapter 1: General Provisions**

Article 1: The Board of Directors (the “Board”) of the Company established the Remuneration Committee and formulated the Working Rules in accordance with the Code of Corporate Governance for Listed Companies, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association of Maanshan Iron & Steel Company Limited (the “Articles of Association”) for the purpose of improving corporate governance structure.

Article 2: The Remuneration Committee shall be accountable to the Board, and its terms of reference shall be determined at a plenary meeting of the Board.

## **Chapter 2: Composition**

Article 3: The Remuneration Committee shall be composed of directors, of whom independent directors shall account for the majority. Committee members shall undertake same liability as that of other directors.

Article 4: Members of the Remuneration Committee shall be proposed by the Chairman and elected by the Board.

Article 5: The Remuneration Committee shall have a chairman elected among independent directors who, after being elected by the Remuneration Committee, shall be appointed or removed by the Board. The chairman of the Committee shall convene and preside over meetings of the Remuneration Committee, and be responsible for communication with the Board, the Company’s management and relevant departments.

Article 6: The Company’s securities affairs representative shall concurrently serve as secretary to the Remuneration Committee.

Article 7: The term of office for a member of the Remuneration Committee shall be consistent with that for a director, being three years for each term. Any member may be qualified for reelection and reappointment upon expiry of this term of office. However, the maximum term of office for an independent director to be reappointed

as a member of the Remuneration Committee shall not be more than six years.

Article 8: Any member of the Remuneration Committee may be dismissed by the Board if:

- (1) he tenders a written application for resignation;
- (2) he is unsuitable to continue to serve as a member of the Remuneration Committee due to changes to his position during his term of office;
- (3) he is involved in gross misconduct or in violation of the provisions of the laws, regulations, the Articles of Association or the Working Rules during his term of office; or
- (4) other circumstances which the Board considers that he is not fit to take up the position.

### **Chapter 3: Duties**

Article 9: The major duties of the Remuneration Committee:

- (1) to draw up a remuneration policy for all directors and senior management, and the procedures for formulating such policy;
- (2) to draw up remuneration schemes or packages based on the scope of major work, duties and importance of the positions of directors and senior management, and the remuneration levels for relevant positions in the society, including but not limited to the performance evaluation criteria, procedures and major evaluation system; the amount or level of remuneration and the method of payment thereof; as well as major incentive and penalty scheme and policy;
- (3) to be responsible for organizing performance evaluations for directors and senior management; to review the discharge of duties by directors and senior management based on how far the Company's business objectives are attained; and to conduct an annual performance appraisal of directors and senior management;
- (4) to consider the remuneration of directors and senior management, and to be responsible for supervising the implementation of the Company's salary policy;

(5) other duties as delegated by the Board.

Article 10: The remuneration schemes or packages for the directors of the Company proposed by the Remuneration Committee shall first be reported to the Board for approval, and may be implemented only after they are presented to a shareholders' general meeting for consideration and approval. The salary allocation scheme for the Company's senior management shall be reported to the Board for approval.

#### **Chapter 4: Rules of Proceedings**

Article 11: Meetings of the Remuneration Committee shall include regular meetings and extraordinary meetings. At least one regular meeting shall be held each year, while extraordinary meetings shall be held by the Remuneration Committee on a case-by-case basis.

Article 12: The Secretariat Office of the Board and the Department of Corporate Management of the Company shall be responsible for making adequate preliminary preparations for Remuneration Committee meetings by providing the Remuneration Committee with necessary information to perform its duties, including but not limited to:

- (1) the details about the attainment of the Company's major financial and business indicators;
- (2) the scope of division of work and major duties of directors and senior management;
- (3) the details about the attainment of indicators in respect of the performance appraisal system for directors and senior management;
- (4) the details about the performance appraisal of directors and senior management;
- (5) the Company's salary allocation scheme and the basis of calculation for the allocation method.

Article 13: Notice of a regular meeting of the Remuneration Committee shall be given to all members fourteen days prior to such meeting, while the date of an extraordinary

meeting shall be determined under the basis of ensuring that all the members are able to receive the notice and have reasonable time for making preparations. Meetings shall be chaired by the chairman of the Committee. If the chairman is unable to attend a meeting, he may delegate another Committee member (an independent director) to chair such meeting.

Article 14: A meeting of the Remuneration Committee may be held only when more than two-thirds of the members are present thereat. Each member shall have one vote. Any resolutions made thereat shall be approved by a majority of all members.

Article 15: Voting at a meeting of the Remuneration Committee shall be made by a show of hands or by poll; an extraordinary meeting may be convened by voting through communication means.

Article 16: The Remuneration Committee's appraisal procedures for directors and senior management:

- (1) the Company's Department of Corporate Management reports to the Remuneration Committee on the details about the appointment of directors and senior management;
- (2) the Remuneration Committee conducts a performance evaluation of directors and senior management in accordance with the performance evaluation criteria and procedures and on the basis of the details about the attainment of the Company's business objectives;
- (3) based on the job performance evaluation results and the salary allocation policy, the Remuneration Committee proposes an amount of remuneration and an incentive scheme for directors and senior management, which will be reported to the Board upon approval by voting.

Article 17: Due to the need to discharge its duties, the Remuneration Committee may engage its own management consulting and other intermediaries to provide professional advice, with the related costs to be borne by the Company. When necessary, it may invite external individuals with relevant professional experience to sit in on its meetings.

Article 18: When deemed necessary by the Remuneration Committee, the directors, supervisors, senior management and heads of relevant departments of the Company shall sit in on the Committee meetings.

Article 19: Any member of the Remuneration Committee shall abstain from a meeting of the Remuneration Committee at which the issues about such member concerned are discussed. No directors shall be involved in deciding their own remunerations.

Article 20: The convening of the meetings of the Remuneration Committee, the procedures for holding such meetings as well as the voting and resolutions thereat shall be in compliance with the relevant laws, regulations, the Articles of Association and the Working Rules.

Article 21: The Remuneration Committee shall record minutes of meetings on which the members present thereat shall sign. Minutes of meetings shall be kept by the Secretary to the Board of the Company.

Article 22: The resolutions passed at the meetings of the Remuneration Committee and the voting results thereof shall be submitted to the Board in writing.

Article 23: The members present at a meeting shall have an obligation of confidentiality towards the matters discussed thereat. No members may disclose relevant information without authorisation.

## **Chapter 5: Supplementary Provisions**

Article 24: Any matters not covered hereunder shall be handled in accordance with the provisions of relevant laws and regulations of China as well as the normative documents of regulatory authorities.

Article 25: The Working Rules shall be construed and amended by the Board of the Company.

Article 26: The Working Rules shall come into force as of the date of consideration and approval by the Board of the Company.