



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 with limited liability)*

**(Stock Code: 323)**

## **Articles of Association**

Note : The Articles of Association 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.

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## **Chapter 1 General Provisions**

Article 1 The Articles of Association are formulated in accordance with “The Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), “The Securities Law of the People’s Republic of China” (hereinafter referred to as the Securities Law”), “Guidelines on the Articles of Association for Listed Companies” (hereinafter referred to as the “Guidelines on the Articles of Association”), “Standards of Corporate Governance for Listed Companies” and other relevant State laws, administrative regulations and regulatory documents, in order to regulate the operation and management of Maanshan Iron & Steel Company Limited (hereinafter referred to as the “Company”) and to protect the legitimate rights and interests of the Company and its shareholders.

Pursuant to the approval (Ti Gai Sheng (1993) No. 138) of the State Commission for Economic Reform, the Company was established by way of promotion on 31 August 1993 and obtained a corporate business license (No. 14894785-8) after registration with the Anhui Provincial Administration of Industry and Commerce on 1 September 1993. On 16 May 1994, the Company was granted with the “Certificate of Approval for Foreign-invested Enterprise of the People’s Republic of China” by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China. On 30 June 1994, the Company was re-registered as a “Sino-foreign Joint Stock Limited Company” with business license No. 000970. On 17 June 2008, the business license No. was changed to 340000400002545. In December 2015, the business license number was changed to the Uniform Social Credit Code as 91340000610400837Y.

The promoter of the Company was Maanshan Iron & Steel Company (renamed as Maanshan Magang Holding Company and Magang (Group) Holding Company Limited on 1 September 1993 and 18 September 1998, respectively).

Article 2 Registered name of the Company: Maanshan Iron & Steel Company Limited (hereinafter referred to as “Magang”).

Article 3 Address of the Company: No.8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the People’s Republic of China; Postal Code: 243003.

Article 4 The chairman of the board of directors is the legal representative of the Company.

Article 5 The Company is a limited company which has perpetual existence.

Article 6 The Articles of Association shall, subsequent to the passage by the shareholders' general meeting in the form of a special resolution and upon the date of registration with the administration for industry and commerce, replace the Articles of Association that the Company has originally registered with the administration for industry and commerce.

From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

Article 7 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management officers of the Company. The aforementioned persons may raise any claims relating to the affairs of the Company in accordance with the Articles of Association.

Shareholders may take action against the Company in accordance with the Articles of Association. The Company may take action against its shareholders in accordance with the Articles of Association. Shareholders may take action against each other in accordance with the Articles of Association. Shareholder may take action against the Company's directors, supervisors, general manager and senior management officers in accordance with the Articles of Association.

The actions referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

Article 8 The Company may invest in other enterprises. However, the Company shall not become an investor that assumes joint and several liabilities for the invested enterprise's debts unless it is otherwise stated in the laws.

Article 9 In accordance with the requirements of the Constitution of the Communist Party of China, the Company shall establish an organisation under the Party to carry out the Party's activities. The Company shall provide necessary conditions to facilitate such activities.

## **Chapter 2 Business Objectives and Scope**

Article 10 The business objective of the Company is to utilise capital in the country and overseas, to develop iron and steel business by means of the enhanced level of technology and management so as to be a world-class iron and steel enterprise, and to obtain the best economic benefits for all shareholders.

Article 11 The Company's scope of business is as follows:

Ferrous metal smelting and its rolling processing, coke and coal coking products, refractories, power, gas production and marketing; Steel and iron related businesses such as wharf, storage, transportation and trade; Extended processing of steel products, production and sales of metal products; Steel structure, equipment manufacturing and installation, auto repair and scrap car recycling and dismantling (limited to the company waste car recycling); Housing and civil engineering construction, building installation, building decoration (with qualification certificate to carry out business activities); technical, advisory and labour services.

The Company may, in the light of its developing capacity and for the purpose of its business development, legally adjust its business scope and operational mode, and set up domestic and foreign branches and offices.

## **Chapter 3 Shares and Registered Capital**

Article 12 The Company shall have ordinary shares at all time. The Company may issue other types of shares subject to its needs and the approval of the responsible company approval authority as authorised by the State Council.

Article 13 All the shares issued by the Company shall have nominal value. The nominal value shall be one Renminbi each.

Article 14 Upon the registration or filing with the securities regulatory authority of the State Council, the Company lawfully issue shares to investors inside the PRC and investors outside the PRC.

The aforementioned investors outside the PRC refer to investors in foreign countries, Hong Kong, Macau and Taiwan regions who subscribe for shares of the Company. Investors inside the PRC refer to investors in the PRC, excluding the aforementioned regions, who subscribe for share of the Company.

Article 15 Shares issued by the Company to investors inside the PRC and subscribed for

in Renminbi are referred to as Domestic Shares. Shares issued by the Company to investors outside the PRC and subscribed for in foreign currency are referred to as Foreign Shares. Foreign shares which are listed overseas are referred to as Overseas-Listed Foreign Shares. However, unless otherwise provided by applicable laws, regulations and/or relevant listing rules, Domestic Shares and Foreign Shares will not be regarded as different classes of shares.

The Domestic Shares of the Company shall be centralized and held in custody by the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The Overseas-Listed Foreign Shares of the Company shall be held in custody by Hong Kong Securities Clearing Company Limited.

Article 16 As approved by the Company's supervising authorities mandated by the State Council, the total number of ordinary shares issued by the Company is 7,775,731,186 shares. Upon the repurchase and cancellation of 28,793,200 shares in 2023 and the repurchase and cancellation of 24,833,400 shares in 2025, the total number of ordinary shares of the Company is 7,722,104,586 shares.

Article 17 The share capital structure of the Company is: 7,722,104,586 ordinary shares, among which 5,989,174,586 shares are Domestic Shares, representing 77.56% of the total ordinary shares of the Company, and 1,732,930,000 shares are Overseas-Listed Foreign Shares, representing 22.44% of the total ordinary shares issued by the Company.

Article 18 The registered capital of the Company is RMB7,722,104,586.

Article 19 Unless otherwise provided in laws and administrative regulations, shares in the Company may be freely transferred without any lien.

#### **Chapter 4 Increase, Deduction and Repurchases of Shares**

Article 20 The Company may increase capital depending on the needs of its operation

and development and in accordance with relevant provisions contained in the Articles of Association. The Company may increase capital in any of the following manners:

- (1) a public offering of shares;
- (2) a non-public offering of shares;
- (3) placing new shares to existing shareholders;
- (4) a bonus issue of shares to existing shareholders;
- (5) conversion of capital common reserve to capital;
- (6) any other methods permitted under laws and administrative regulations.

The Company shall not issue preference shares that are convertible to ordinary shares.

In increasing the capital of the Company through an issue of new shares, the Company shall, after obtaining approvals in accordance with the requirements of the Articles of Association, implement the same in accordance with the procedures prescribed by relevant laws and administrative regulations.

Article 21 The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

Article 22 When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution within 30 days of the said date. Creditors shall, within 30 days of receiving a written notice or within 45 days of the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum amount.

Article 23 In the following circumstances, the Company may repurchase its own issued shares in accordance with the procedures set out in the laws, administrative regulations, departmental regulations and the Articles of Association and with the approval of the relevant regulatory authorities of the State:

- (1) to reduce the Company's registered capital;
- (2) to merge with another company which holds the Company's shares;

- (3) the shares are to be used for employee share ownership plans or equity incentives;
- (4) the shareholders object to a resolution at a shareholders' general meeting that relates to a merger or division of the Company and the shareholders require the Company to repurchase their shares;
- (5) the shares are to be used to convert corporate bonds issued by the listed company that can be converted to shares;
- (6) it is necessary for the Company to maintain corporate value and shareholders' equity;
- (7) other circumstances permitted by laws or administrative regulations.

The circumstance referred to in item (6) of the preceding paragraph shall meet one of the following conditions:

- (1) the closing price of the shares of the Company is lower than its net assets per share of the latest period;
- (2) the cumulative decline in the closing price of the shares of the Company over a period of 20 consecutive trading days reaches 20%;
- (3) the closing price of the shares of the Company is lower than 50% of the highest closing price for the latest year;
- (4) other conditions as prescribed by the China Securities Regulatory Commission.

The Company shall not engage in transactions of selling and purchasing its shares save for the circumstances specified hereinabove.

Article 24 The Company may repurchase its shares upon the approval granted by the relevant supervisory authorities of the State in any one of the following manners:

- (1) to make a repurchase offer to all shareholders in equal proportion to their shareholdings;
- (2) to repurchase the shares in open trading on a recognized stock exchange;
- (3) to repurchase the shares by way of agreement other than through a recognized stock exchange.
- (4) other ways approved by relevant competent authorities of the State.

If the Company acquires the Company's shares in circumstances specified in items (3), (5) and (6) in the first paragraph of Article 23 of the Articles of Association, it shall be conducted by way of open and centralized trading.

Article 25 If the Company shall repurchase its shares in circumstances specified to Subclauses (1) and (2) of Article 23 of the Articles of Association, a resolution by the shareholders' general meeting is required. If the Company shall repurchase the Company's shares in circumstances as specified items (3), (5) and (6) of Article 23 of the Articles of Association, it shall be resolved by a resolution of a board meeting attended by more than two-thirds of the directors.

If the situation under Sub-clause (1) in Article 23 follows after the Company repurchases its shares, the shares shall be cancelled within ten days after they are repurchased or they shall be transferred or cancelled within six months in the case of Sub-clauses (2) and (4). The total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company and shall be transferred or cancelled within three years in the case of Sub-clauses (3), (5) and (6).



Article 26 After the shares repurchased by the Company is cancelled according to the laws, the Company shall apply to the authority for companies' registration with which it was originally registered to amend the registration as to registered capital, and make an announcement in newspapers to this effect.

The aggregate value of the cancelled shares must be deducted from the Company's registered capital.

Article 27 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (1) where the Company repurchases shares at nominal value, payment shall be made out of the book surplus on the distributable profits of the Company or out of proceeds of the new issue of shares made for that purpose;
- (2) where the Company repurchases shares at a premium to its nominal value, payment up to the nominal value may be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new issue of shares made for that purpose. Payment of the portion in excess of the nominal value shall be effected as follows:
  - i. if the shares being repurchased was issued at nominal value, payment shall be made out of the book surplus on the distributable profits of the Company;
  - ii. if the shares being repurchased were issued at a premium to its nominal value, payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the Company's premiums account (or capital common reserve account) at the time of the repurchase (including the amount of premiums on the new issue);
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - i. payment for the acquisition of the right to repurchase its own shares;
  - ii. payment for the variation of any contract for the repurchase of its shares;
  - iii. payment for the release of its obligation(s) under any contract for the repurchase of shares;
- (4) after the Company's registered capital has been reduced by the aggregate nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted

from the distributable profits of the Company for payment of the nominal value of shares which have been repurchased shall be transferred to the Company's premiums account ( or capital common reserve account).

## **Chapter 5      Financial Assistance for the Acquisition of Shares of the Company**

Article 28 Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the aboveobligors in order to reduce or discharge their obligations.

This provision of the Article shall not apply to the circumstances described in Article 30 of the Articles of Association.

Article 29 In this Chapter, "financial assistance" includes (but is not limited to) assistance by way of:

- (1) gift;
- (2) guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's default), release or waiver;
- (3) provision of loans, or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party to the agreement, or the change of, or the assignment of rights under, such loan(s) or agreement;
- (4) financial assistance given in any other manner where the Company is unable to pay its debts, has no net assets or in situations where its net assets would be reduced by a material extent.

In this Chapter, "incurring a liability" includes liabilities incurred by changing one's financial position by making an agreement or joint arrangement (whether enforceable or otherwise and whether made on one's own account or with any other person) or by any other means.

Article 30 The following actions shall not be deemed to be activities prohibited by Article 28 of this Chapter:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of financial assistance

- is an incidental part of certain plan of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
  - (3) the distribution of share dividends in the form of shares;
  - (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the share capital structure of the Company effected in accordance with the Company's Articles of Association;
  - (5) the lending of money by the Company within its scope of business and in the ordinary course of its business, where the lending of money is part of the scope of business of the Company (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits);
  - (6) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits).

## **Chapter 6      Share Certificates and Register of Shareholders**

Article 31 Capital of the Company shall be divided into shares of equal amount.

Shares of the Company adopt the form of share certificate. A share certificate is a certificate issued by the Company to prove the shareholding held by the shareholders.

Share certificates of the Company shall be in registered form. The Company shall issue its share certificates either by way of book entries, or by issuing physical share certificates in accordance with relevant requirements at the place of issue or listing of shares.

In addition to those provided in the Company Law, share certificates of the Company shall also contain any other items required to be specified by the stock exchange on which the shares of the Company are listed.

Article 32 The physical share certificates issued by the Company shall be signed by the chairman of the board of directors. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the company seal with the authorisation of the Board. The signatures of the chairman of the board of directors or other relevant senior management officers on the share certificates may also be in printed form.

Article 33 The Company shall keep a register of members containing the following particulars:

- (1) the name (or title), address (or domicile) of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the share certificate numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered in the register as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

The register of members shall be the sufficient evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

Article 34 The Company may, in accordance with the mutual understanding and agreements made between the competent securities authorities of the State Council and overseas securities regulatory authorities, maintain its register of holders of Overseas-Listed Foreign Shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of Overseas-Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate of the register of holders of Overseas-Listed Foreign Shares shall be made and maintained at the Company's domicile. The appointed overseas agent(s) shall ensure at all times that the original and the duplicate registers of holders of Overseas-Listed Foreign Shares are consistent.

In the case of inconsistencies between any information recorded in the original register of holders of Overseas-Listed Foreign Shares and that of the duplicate register, the original register shall prevail.

Article 35 The Company shall have a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) a register of shareholders maintained at the Company's domicile, which shall be the register of all shareholders other than those registered in accordance with paragraphs (2) and (3) of this Article;
- (2) a register of holders of Overseas-Listed Foreign Shares maintained at the stock exchange of the place of overseas listing;
- (3) such registers of shareholders maintained in such other places as the board of directors

may deem necessary for listing purposes.

Article 36 Different parts of the register of shareholders shall not overlap. No transfer of shares registered in one part of the register of shareholders shall, during the continuance of the registration of those shares, be registered in any other parts of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is kept.

All fully paid up Overseas-Listed Foreign Shares listed in Hong Kong are freely transferable in accordance with the Articles of Association, but the board of directors may refuse to recognise any instrument of transfer without providing any reason thereof unless the same meets the following conditions:

- (1) a fee of HK\$2 or such higher amount as agreed by the Hong Kong Stock Exchange has been paid to the Company for the registration of the instrument of transfer or other documents relating to or which will affect the ownership of the shares;
- (2) the instrument of transfer only deals with Overseas-Listed Foreign Shares which are listed in Hong Kong;
- (3) the stamp duty payable for the instrument of transfer has been paid;
- (4) the relevant share certificates and such other evidence as reasonably requested by the board of directors for evidencing the authority of the transferor to transfer the relevant shares are provided;
- (5) in the event of transfer to joint holders, the number of joint holders shall not be more than four; and
- (6) the relevant shares shall be free of any lien on the Company.

All Overseas-Listed Foreign Shares listed in Hong Kong shall be transferred by an instrument in writing in any usual or common form or any other form which the board of directors may approve. The instrument of transfer of any share may only be executed by hand, or if the assignor or the assignee is the recognised clearing house or its nominee, the share transfer form may be executed by hand or in mechanically-printed form. All instruments of transfer must be placed at the domicile of the Company or in other places as the board of directors may be specified at any time.

Article 37 Where the relevant laws, rules, regulations, standardization documents, the securities regulatory authorities of the place where the shares in the Company are listed and the stock exchange have other requirements on the change in the register of members period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividend, such requirements shall be followed.

Article 38 When the Company convenes a shareholders' general meeting, distributes dividends, goes into liquidation or carries out other activities which require the confirmation of shareholdings, the board of directors shall decide a day to be the record date for the purpose of determining shareholdings, and a shareholder whose name is in the register of shareholders at the end of the record date shall be a shareholder of the Company.

Article 39 Any person who has objection in relation to the register of shareholders and seeks to register his name (or title) on the register of shareholders or to delete his name (or title) from the register of shareholders may in each case apply to a court of competent jurisdiction to rectify the register of shareholders.

Article 40 Any shareholder who is registered on the register of shareholders or any person who seeks to register his name (or title) on the register of shareholders may, if he has lost his share certificate (the "original certificate"), apply to the Company for a new share certificate in respect of the shares (the "relevant shares") represented by the original certificate.

A holder of Domestic Shares who has lost his share certificate and applies for a replacement certificate to be issued shall comply with the provisions of Article 144 of the Company Law.

A holder of Overseas-Listed Foreign Shares who has lost his share certificate and applies for a replacement certificate to be issued may do so in accordance with the laws, the rules of the stock exchange or other relevant requirements of the place where the register of holders of Overseas-Listed Foreign Shares is maintained.

A holder of Overseas-Listed Foreign Shares of the Company listed in Hong Kong who has lost his share certificate and applies for a replacement certificate to be issued shall comply with the following requirements:

- (1) The applicant shall submit an application in the form prescribed by the Company accompanied by a notarial certificate or a statutory declaration, the contents of which shall include the grounds upon which the application is being made, the circumstances of the loss of the share certificate and evidence thereof; and a statement that no other person is entitled to request for the registration as a shareholder in respect of the relevant shares.
- (2) The Company must, prior to the issue of a replacement share certificate, ensure that no other declaration has been received from any person other than the applicant seeking to be registered as a shareholder in respect of the relevant shares.
- (3) If the Company is prepared to issue a replacement share certificate to the applicant, it shall make a public announcement of such intention in newspapers as prescribed by the

board of directors. The period of public announcement shall be 90 days during which such public announcement shall be published at least once every 30 days.

- (4) Prior to publication of the public announcements of the intended issue of replacement share certificate, the Company shall deliver to the stock exchange on which the relevant shares are listed a copy of such announcement. The announcement shall be published after the receipt of a reply from such stock exchange confirming that the announcement proposed to be published has been exhibited on such stock exchange. The period for exhibiting such announcement in such stock exchange shall be 90 days.

In the case of an application for the issue of a replacement share certificate made without the consent of the registered holder of the relevant shares, the Company shall send to such registered shareholder by post a copy of the announcement proposed to be published.

- (5) If, by the expiration of the 90-day period of the public announcement and exhibition referred to in Paragraphs (3) and (4) of this Article, the Company has not received any objection to the issue of the replacement share certificate, the Company may issue a replacement share certificate for the relevant shares to the applicant pursuant to the application.
- (6) When the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original certificate and enter the details of the cancellation and replacement issue in the register of shareholders.
- (7) All expenses of the Company relating to the cancellation of the original certificate and the issue of a replacement share certificate shall be borne by the applicant. The Company is entitled to refuse to take any action before reasonable security is provided by the applicant.

Article 41 After the Company has issued a replacement share certificate in accordance with the Articles of Association, the name (or title) of a bona fide purchaser who obtains the new share certificate or a person (if a bona fide purchaser) whose name (or title) is subsequently entered in the register of shareholders in respect of the relevant shares shall not be removed from the register of shareholders.

Article 42 The Company shall not be liable for any damages suffered by any person by reason of the cancellation of an original certificate or the issue of the replacement share certificate, unless the claimant proves that the Company has acted fraudulently.

## **Chapter 7     Share Transfer**

Article 43 The Company shall not accept the Company's shares as a pledge right object.

Article 44 The directors, supervisors, general manager and other senior management officers shall declare to the Company the number of the Company's shares held by them and the transfer of such shares. During their term of office, they shall not transfer for more than 25% of the total number of the Company's shares they held for a year and they shall not transfer any shares of the Company within one year from the date of the Company's shares are listed. Within six months of their leaving, the aforesaid personnel shall not transfer the Company's shares held by them.

Article 45 If the directors are in possession of any price-sensitive information, they are prohibited from dealing in any of the Company's securities in any event.

A director must not deal in any securities of the Company on any date on which its financial results are published and:

- (1) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (2) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

The period during which the directors are not allowed to deal in securities stated hereinabove shall cover any period of delay in the publication of a results announcement.

Article 46 If the directors, supervisors, and senior management officers of the Company and any shareholders who hold 5% or more shares of the Company, sell his shares in the Company or other equity securities within six months of his purchase, or purchases the shares again within six months of the sale, the profits thus made shall accrue to the Company and the board of directors shall collect all such profits. Except for a securities company, however, as the underwriter, purchases all the unsold shares and therefore holds more than 5% of the shares, and other circumstances specified by the CSRC.

The shares or other equity securities held by the director, supervisor, senior management, or a natural person shareholder as mentioned in the preceding paragraph shall include the shares or other equity securities held by his or her spouse, parents, and children or held through any other person's account.



If the board of directors refuses to comply with Paragraph (1) of this Article, the shareholders have the right to request the board of directors to do so within 30 days. The shareholders have the right to initiate litigation in the People's Court directly in their own name for the interests of the Company if the board of directors fails to comply with the provision within the period specified hereinabove.

If the board of directors refuses to comply with Paragraph (1) of this Article, the directors at fault shall assume joint and several liabilities in accordance with the laws.

## **Chapter 8      Rights and Obligations of Shareholders**

Article 47 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (or title) is entered in the register of shareholders.

A shareholder shall enjoy the rights and assume the obligations attached to the class and number of shares held; shareholders holding the same class of shares shall be entitled to the same rights and assume equal obligations.

Article 48 The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to claim dividends and distribution of profits in any other form in proportion to the number of shares held;
- (2) to request, convene, preside over, attend or appoint proxy to attend shareholders' general meeting and to exercise voting right in accordance with the laws and the Articles of Associations;
- (3) to supervise and to put forward proposals and make enquiries relating to the business operations of the Company;
- (4) to transfer, donate and pledge their shares in accordance with the laws, administrative regulations and the Articles of Association;
- (5) to receive relevant information in accordance with the Articles of Association, including:
  - i. the right to obtain a copy of the Articles of Association upon payment of the cost thereof;
  - ii. the right to inspect and receive copies of the following upon payment of reasonable charges:
    - I. all parts of the register of shareholders;
    - II. the following personal particulars of each of the directors, supervisors, general manager and other senior management officers of the Company:
      - a. his present and former name and aliases;
      - b. his principal address (or domicile);
      - c. his nationality;

- d. his primary occupation, all other concurrent occupations and duties; and
  - e. his identification documents and the numbers thereof;
- III. the status of the Company's share capital;
- IV. a report showing the aggregate nominal value, the quantity and the maximum and minimum prices paid by the Company in respect of each class of shares repurchased by the Company since the last financial year, and the aggregate amount paid by the Company for this purpose;
- V. minutes of the shareholders' general meetings
- iii. the right to consult the resolutions of the general meeting of shareholders, resolutions of the meetings of the board of directors, resolutions of the meeting of the supervisory committee, financial and accounting reports and corporate bonds register.
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by them;
- (7) to require the Company to repurchase the shares due to the shareholders' objection to the resolution at a shareholders' general meeting that relates to a merger or division of the Company;
- (8) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 49 The holders of ordinary shares of the Company shall have the following obligations:

- (1) to comply with laws, administrative regulations and the Articles of Association;
- (2) to pay subscription moneys according to the number of shares subscribed and the method of subscription;
- (3) not to dispose of its shares, save and except in circumstances provided by laws and administrative regulation;
- (4) not to abuse the rights of shareholders to cause damage to the interests of the Company or other shareholders; shall not abuse the independent status of the Company as a legal person and the limited responsibility of shareholders to cause damage to the interests of the Company's creditors;

A shareholder of the Company shall be held legally liable for any damage incurred to the Company or other shareholders due to the abuse of his rights as a shareholder.

A shareholder of the Company shall assume joint liabilities for the Company's debts if severe damage is caused to the interests of the Company's creditors due to his abuse of the independent status of the Company as a legal person or the limited responsibility of shareholders for evading the debts.

- (5) If a shareholder holds more than 5% of the Company's voting shares pledges the shares held by him, he has to report to the Company in writing on the date of making the pledge;
- (6) other obligations imposed by laws, administrative regulations and the Articles of Association.

A shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Article 50 In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any guise, including (but not limited to) opportunities which are beneficial to the Company; and
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save and except where it was done pursuant to a restructuring submitted to and approved by the shareholders' general meeting in accordance with the Articles of Association.

The controlling shareholder and de facto controller (de facto control as defined under the China Securities Regulatory Commission's "Methods for Listed Companies' Acquisition and Management" or relevant laws and administrative regulations) owe fidelity obligations to the Company and its public shareholders. The controlling shareholder should exercise the rights of a capital contributor in strict compliance with the laws, the controlling shareholder shall refrain from jeopardising the lawful interests of the Company and its public shareholders when engaging in connected transactions, profit distributions, asset restructuring, external investments, appropriations of fund and the provision of loan guarantees or from jeopardising the lawful interests of the Company and its public shareholders by taking advantage of its controlling position.

Article 51 A controlling shareholder referred to in the preceding Article shall mean a person who meets any of the following conditions:

- (1) he, either acting alone or in concert with others, has the power to elect more than half of the members of the board of directors;
- (2) he, either acting alone or in concert with others, has the power to exercise or to control the exercise of 30% or more (30% inclusive) of the voting rights in the Company;
- (3) he, either acting alone or in concert with others, holds 30% or more (30% inclusive) of the issued shares of the Company;
- (4) he, either acting alone or in concert with others, de facto controls the Company in any other manner.”

“Acting in concert” referred to in this Article means the acting of two or more persons by agreement (whether verbal or in writing) so as to gain or strengthen the control over the Company through the acquisition of voting rights in the Company by either of them.

## **Chapter 9 Shareholders’ General Meetings**

Article 52 The shareholders’ general meeting is comprised of all the shareholders. It is the authority of power of the Company and it exercises its functions and powers according to the laws.

Article 53 The shareholders’ general meeting shall exercise the following powers:

- (1) to determine the business plans and annual investment plans of the Company;
- (2) to elect and replace directors, and to decide on matters relating to the remunerations of directors;
- (3) to elect and replace those supervisors (who are non-employee representatives), and to decide on matters relating to the remunerations of supervisors;
- (4) to consider and approve any report submitted by the Board;
- (5) to consider and approve any report submitted by the supervisory committee;
- (6) to consider and approve the annual financial budget and final accounts of the Company;
- (7) to consider and approve the profit distribution plan and the plan for making up accrued losses of the Company;
- (8) to resolve on the increase or reduction in the registered capital of the Company;
- (9) to resolve on matters such as merger, division, dissolution, liquidation or alteration of the nature of the Company;
- (10) to resolve on the issuance of debentures by the Company;

- (11) to resolve on the Company's appointment, dismissal or non-renewal of the appointment of an accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider any resolution proposed by shareholders representing more than 3%(including 3%) of the shares carrying voting rights of the Company;
- (14) to decide on matters including external investments, leasing of assets, pledges of assets, entrusted operation and entrusted financial management of the Company;
- (15) to consider and approve the issue of guarantees as stipulated under Article 54 of the Articles of Association;
- (16) to consider purchases or sales of the substantial assets for the amount which exceeds 30% of the Company's latest audited total assets within a year;
- (17) to review and approve the issue of altering the use of raised funds;
- (18) to consider the stock options incentive scheme;
- (19) any other issues required to be determined by passing resolutions at the general meeting according to the laws, administrative regulations and the Articles of Association;
- (20) the shareholders' general meeting may authorise or entrusts the board of directors to deal with the following:
  - i. to decide on matters including external investments, leasing of assets, pledges of assets, entrusted operation and entrusted financial management of the Company, in the limit of 10% of the latest audited net assets of the Company;
  - ii. to authorise the board of directors to decide on or deal with matters not provided for in the laws, regulations and the Articles of Association when necessary and reasonable.

Article 54      The following external guarantees by the Company shall be subject to the review and approval of the shareholders' general meeting:

- (1) Any guarantee that occurs after the total amount of external guarantees by the Company and its subsidiaries has reached or exceeded 50% of the latest audited net assets;
- (2) Any guarantee that occurs after the total amount of external guarantees by the Company has reached or exceeded 30% of the latest audited total assets;
- (3) Any guarantee provided by the Company to other companies, where the amount of the guarantees within one year exceeds 30% of the latest audited net assets;
- (4) Any guarantee provided to an entity with an asset to liability ratio of more than 70%;
- (5) Any single guarantee that exceeded 10% of the latest audited net assets;
- (6) Any guarantee provided to the shareholders, de facto controllers or their connected parties.

Article 55 Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six-month following the end of the previous financial year.

The board of directors shall convene an extraordinary general meeting within two months of any of the following events:

- (1) when the number of directors is less than the number prescribed by the Company Law or fewer than two thirds of the number prescribed by the Articles of Association;
- (2) when the Company does not make up the losses reaching one-third of the total paid-up share capital;
- (3) when shareholder(s) individually or jointly holding more than 10% of the Company's shares make a request in writing to convene an extraordinary general meeting;
- (4) when the board of directors considers it necessary or when the supervisory committee proposes to convene a general meeting;
- (5) other circumstances set out in the laws, administrative regulations, departmental regulations or the Articles the Association.

If the Company is under the circumstances as stated in the preceding sub-clause (1) or (2) and the board of directors failed to conduct an extraordinary general meeting within the prescribed time, the supervisory committee or shareholders may themselves subject to the procedures stated in Article 86 herein convene an extraordinary general meeting.

Article 56 When the Company convenes an annual general meeting, it shall send written notice to all shareholders registered in the register of shareholders at least 20 clear business days prior to the date of the meeting, which notice shall set forth the matters proposed to be considered at the meeting and the date and venue of that meeting. When the Company convenes an extraordinary general meeting, it shall send written notice to all shareholders registered in the register of shareholders at least 10 clear business days or 15 days (whichever is longer which is required or applicable under the relevant laws and regulations or listing rules) prior to the date of the meeting, which notice shall set forth the matters proposed to be considered at the meeting and the date and venue of that meeting.

Article 57 The Company shall hold shareholders' general meetings at its place of domicile or other place as designated by the Board.

A venue shall be designated for a shareholders' general meeting and be convened by way of an onsite meeting. Subject to the legality and validity of the shareholders' general meeting, and in accordance with the laws, administrative regulations, the provisions of the China Securities Regulatory Commission or the Articles of Association, the Company may adopt various methods and means, including the provision of a voting platform on Internet for the shareholders of Domestic

Shares if technically practicable, and making it convenient for shareholders to participate in shareholders' general meeting so as to enlarge the proportion of public shareholders' participation in the shareholders' general meeting. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

Article 58 When the Company convenes a general meeting, the board of directors, the supervisory committee and shareholder(s) individually and jointly holding more than 3% (including 3%) of the Company's shares have the right to propose new resolution(s) to the Company.

Shareholders that hold, individually or collectively, 3% or more of the shares in the Company may submit provisional proposed resolution(s) in writing to the convener ten days prior to the date of such meeting. The convener shall, within two days after receipt of the proposed resolution(s), issue a supplemental notice of the general meeting and make a public announcement of the contents of such provisional proposed resolution(s).

Unless in the circumstance hereinabove, the convener may not, after publishing the notice of the general meeting, make any change to the proposed resolution(s) set forth in such notice or add any new proposed resolution(s).

The contents of the proposed resolution(s) of the general meeting shall fall within the terms of reference of the general meeting, have clear topics and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations and the Articles of Association.

Article 59 The board of directors of the Company shall, in the best interest of the Company and the shareholders, examine the motions put forward in shareholders' general meetings in accordance with Article 58 herein.

Article 60 Where the board of directors decides not to include a motion in the agenda of the shareholders' general meeting, an explanation and a statement shall be given at such a meeting. Such statement and details of the motion shall, together with the resolutions of the shareholders' general meeting, be published after the conclusion of the shareholders' general meeting.

Article 61 If the shareholder who puts forward a motion objects to the board of directors' decision of not including his motion in the agenda of the shareholders' general meeting, he may request to convene an extraordinary general meeting in accordance with Article 86 herein.

Article 62 A general meeting shall not decide on matters which are not specified in the notice. An extraordinary general meeting shall not decide on matters which are not specified in the notice.

Article 63 A notice of shareholders' general meeting shall comply with the following requirements:

- (1) be in writing;
- (2) specify the place, date and time for the shareholders' general meeting;
- (3) set out matters to be discussed in the shareholders' general meeting;
- (4) provide necessary information and explanation for shareholders to exercise an informed judgment on the matters for discussion. This shall include (but not limited to), where a proposal is made for a merger, a repurchase of shares, reorganising share capital or restructuring in any other way, the terms of the proposed transaction shall be provided in details together with the proposed contract (if any and applicable) and reason(s) for and consequence(s) of such proposals shall also be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of material interests of any director, supervisor, general manager and other senior management officers in the matters for discussion and effect(s) of such matters 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) contain the full text of any special resolutions proposed to be decided in the shareholders' general meeting;
- (7) contain a statement conspicuously stating that a shareholder entitled to attend and vote at the shareholders' general meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy needs not be a shareholder;
- (8) state the time and the address to which the relevant instrument appointing the proxies for the shareholders' general meeting is to be delivered;



- (9) specify the shareholding registration date for shareholders entitled to attend the shareholders' general meetings;
- (10) state the name and telephone number of a contact person for matters relating to the shareholders' general meeting

Where opinions from independent directors are required on any matters to be discussed in the notice (including supplementary notice) of the shareholders' general meeting, such opinions and reasons from independent directors shall be disclosed when a notice (including a supplementary notice) of the shareholders' general meeting is given.

In the event that the shareholders' general meeting adopts an Internet platform or other ways, the time and procedures for voting via the Internet or by other ways shall be specifically stated in the notice of the shareholders' general meeting. The beginning time for voting via the Internet or by other ways for the shareholders' general meeting shall not be earlier than 3:00 p.m. on the day prior to date when the on-site shareholders' general meeting is convened, and shall not be later than 9:30 a.m. on the date when the on-site shareholders' general meeting is convened. Its closing time shall not be earlier than 3:00 p.m. on the date when the onsite shareholders' general meeting is concluded.

Article 64 The notice of a general meeting shall be given to shareholders by way of an announcement. For holders of Overseas-Listed Foreign Shares, subject to the compliance with applicable laws, regulations and the Listing Rules by the Company, such notice may be published on the website designated by the stock exchange on which the shares of the Company are listed or on the website of the Company, or sent by electronic means, or given in any other means acceptable by the stock exchange on which the shares of the Company are listed.

The announcement as mentioned in the preceding paragraph refers to the publication of relevant information disclosure on the websites of the media and stock exchange that meet the conditions prescribed by the China Securities Regulatory Commission.

Article 65 After the notice of a shareholders' general meeting has been issued, the board of directors shall not change the time for holding the shareholders' general meeting unless due to force majeure or any other extraordinary reasons. Where change of the time for holding the shareholders' general meeting is in fact necessary due to a force majeure, the shareholding registration date shall not be changed thereby.

Article 66 If a person who has the rights to receive the notice of meeting is left out accidentally to be served with the notice or such party fails to receive the notice of meeting, the meeting and resolution made in the meeting shall not become void thereby.

Article 67 The Company's board of directors, independent directors and shareholders who meet the relevant requirements or investor protection institutions established according to laws, administrative regulations or provisions of the securities regulatory authority under the State Council may collect the rights to vote in a shareholders' general meeting publicly as the soliciting parties. While voting rights of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. Where the rights of Shareholders are solicited in accordance with the above provisions, the soliciting parties shall disclose the solicitation documents, and the Company shall cooperate in this regard. No consideration or other form of de facto consideration shall be involved in the collection of voting rights from shareholders publicly. The Company shall not impose any limitation related to minimum shareholdings on the collection of voting rights.

Article 68 Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxy(ies) to attend and vote on his behalf. Pursuant to authorisation by that shareholder, a proxy so appointed shall enjoy the right to speak at the meeting.

In respect of a shareholder who holds Overseas-Listed Foreign Shares which are issued by the Company and listed in Hong Kong, if such shareholder is a recognised clearing house as defined under the "Securities and Futures Ordinance" of Hong Kong, such shareholder or its nominee may authorise one or more person(s) as its representative to attend and vote at shareholders' general meeting; however, if more than one person are so authorised, the power of attorney shall clearly indicate the number and types of the shares involved by way of the authorisation. The person(s) so authorised may exercise the said powers without the need to present any shareholding supporting document or to have the power of attorney notarized, as if they were the individual shareholders of the Company.

Article 69 The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a legal person, it shall be under the seal of the Company or under the hand of a director or an attorney duly authorised.

Article 70 A shareholder attending the meeting in person shall produce his/her own identity document or other valid document or certificate that can prove his identity. A shareholder of Domestic shares should also present his stock account card and in case that a proxy is entrusted to attend the meeting, the proxy shall produce his identity document and the shareholder's authorised proxy document.

A corporate shareholder shall appoint its legal representative or a proxy appointed by its legal representative to attend the meeting. The legal representative attending the meeting shall produce his/her identity document, and valid proofs on his/her qualification as the legal representative. A proxy appointed to attend the meeting shall produce his/her identity document and an authorisation document issued by the legal representative of such corporate shareholder in writing.

Article 71 The instrument appointing a proxy shall be deposited at the address of the Company or at some other places specified for the purpose in the notice of general meeting not less than 24 hours before the time for convening the general meeting at which the proxy is authorised to vote or 24 hours before the time specified for the voting. Unless otherwise specified in this Order of Meeting, where such an instrument appointing a proxy is signed by a person under a power of attorney on behalf of the appointor, that power of attorney authorising the signature or other authorisation documents shall be notarially certified. The notarially certified copy of the power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the Company's address or such other place as specified for the purpose in the notice of general meeting.

For a corporate shareholder, its legal representative or person authorised by the way of a resolution of the board of directors or other decision-making authorities shall attend the general meeting of the Company on its behalf.

Article 72 Any proxy form issued by the board of directors to a shareholder for use by him for appointing a proxy to attend and vote at a general meeting shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution to be decided in the meeting. Such a form should state: that in default of instructions the proxy may vote at he thinks fit; whether or not the proxy has voting rights in respect of any provisionary proposed resolution which be included in the agenda for general meeting and if the

proxy has voting rights in respect thereof, specific instructions as to the type of voting rights to be exercised.

Article 73 An attendance register for persons attending the general meeting shall be prepared by the Company and it should contain the names of persons (or legal persons) attending the general meeting, respective identity document numbers, residential addresses, numbers of shares with voting rights held or represented, names of the appointors (or legal persons), etc.

Article 74 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the vote was given or the shares in respect of which the vote was given have been transferred, provided that no notice in writing of the aforesaid matters shall have been received by the Company before the commencement of the general meeting at which the proxy is used.

Article 75 Resolutions of a general meeting are classified as ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by affirmative votes of more than half of the total voting rights of shareholders (including their proxies) present at the meeting.

A special resolution of a general meeting shall be passed by affirmative votes of more than two-thirds of the total voting rights of shareholders (including their proxies) present at the meeting.

Article 76 Resolutions shall be decided on a poll in shareholders' general meetings. Shareholders (including their proxies) shall exercise their voting rights in accordance with the number of shareholding rights they represent. Each share carries the right to one vote.

Where major matters affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be made open and disclosed timely.

Shares held by the Company shall not have any voting rights and shall not be counted into the total number of shares with voting rights present at the shareholder's general meeting.

In the event that two or more than two directors (including independent directors) or supervisors (supervisors not being staff representatives) are to be elected in the shareholder's general meeting, the cumulative voting system shall be adopted, and the election of independent directors is separated from that of members of the board of directors.

Each share, which carries voting rights, shall be entitled to such number of vote(s) as equivalent to the total number of the directors and supervisors to be elected. Shareholders are free to allocate their votes among the candidates for election as directors and supervisors. They may either cast their votes for several candidates separately, or cast their votes for one candidate. According to the chronological order of votes for each of the candidates for election as directors and supervisors and the number of directors and supervisors to be elected, the candidates who have the highest votes shall be elected.

Article 77 Shareholders (including their proxies) present at the shareholders' general meeting shall indicate clearly whether they are in favor of or against each of the matter to be voted. Other votes shall not be counted as valid votes by the Company when determining the voting result in relation to the relevant matters.

Where a shareholder is required to abstain from voting on a particular matter or is restricted to vote only in favour of or only against a resolution pursuant to the relevant provisions, any vote of such shareholder or his proxy contrary to that provision shall be deemed by the Company as void.

Article 78 Where a connected transaction is being considered in a shareholders' general meeting, 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 results of shareholders (other than the connected shareholders) shall be fully disclosed in an announcement in relation to the resolution passed at the shareholders' general meeting.

If in exceptional circumstances, the connected shareholders are unable to abstain from voting, the Company may, upon obtaining the prior consent by the competent department, conduct the voting according to normal procedures. Detailed explanation shall be given in the announcement in relation to the resolution passed at the shareholders' general meeting.

Article 79 Upon reviewing the proposed resolution whether to provide guarantee to a shareholder or the de facto controller(s) and their connected parties in the shareholders' general meeting, such shareholder or the shareholder(s) controlled by such de facto controller(s) are not permitted to participate in the voting thereof. The resolution must be passed by at least half of the other shareholders attending the shareholders' general meeting with voting rights.

Article 80 When a matter regarding the profits distribution of the Company, especially profits distribution by cash dividends distribution, or a matter regarding the adjustment of an established profit distribution policy, especially a cash dividend distribution policy, is being considered at a general meeting, the Board should report a resolution as well as the reason of the arrangement first, then vote on the related resolution.

Article 81 Aside from matters involving the Company' s trade secrets which cannot be revealed in the general meeting, the board of directors and the supervisory committee shall reply and elaborate on shareholders' queries and suggestions.

Article 82 When a poll is taken, it is not necessary for a shareholder (including a proxy) entitled to two or more votes to cast all his votes all for or against any resolution.

Article 83 In the case of an equality of votes, the meeting chairperson shall be entitled to an additional casting vote.

Article 84 The following matters shall be passed by ordinary resolutions in shareholders' general meetings:

- (1) Work reports of the board of directors and the supervisory committee;
- (2) Proposals formulated by the board of directors for distribution of profits and for making up of losses;
- (3) Election and replacement of members of the board of directors and the supervisory committee (that are not staff representatives), their remuneration and methods of payment;
- (4) Annual financial budget, final accounts, balance sheets, profit and loss statement and other financial statements of the Company;
- (5) The appointment, removal or non-renewal of services of the accounting firm;
- (6) Other matters not required by the laws, administrative regulations or the Articles of Association to be adopted by way of special resolution.

Article 85 The following matters shall be passed by way of special resolutions in shareholders' general meetings:

- (1) Increase or reduction of share capital and issuance of shares of any class; warrants, and other similar securities of the Company;
- (2) Issuance of debentures of the Company;
- (3) Division, merger, dissolution, liquidation and alteration of the nature of the Company;
- (4) Amendment to the Articles of Association;
- (5) If the amount of the Company's purchases, sales or significant assets or guarantees exceeds 30% of the Company's latest audited total assets within a year;
- (6) Stock options incentive scheme;
- (7) Contracts entered into between the Company and a party (other than a director, supervisor, the general manager and other senior management officers) in relation to vesting responsibility for the administration of all businesses or the important businesses of the Company to that party;
- (8) Profit distribution policy, especially adjustment to the cash dividend distribution policy;
- (9) Other matters which, as stipulated by the laws, administrative regulations or the Articles of Association and according to an ordinary resolution of the shareholders' general meeting, may have significant impact on the Company and require adoption by way of special resolution.

Article 86 Requested by shareholders interested in 10% or more of the voting shares of the Company or by the supervisory committee to convene extraordinary general meetings shall be processed as follows:

- (1) To sign one or more written requests of identical form and substance requesting the board of directors to convene an extraordinary general meeting and stating the topic of the meeting. The board of directors shall make a written response as to whether or not it agrees to hold the extraordinary general meeting within ten days after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the date on which the written request is made by shareholder(s).
- (2) If the board of directors consents to hold an extraordinary general meeting, it should issue a notice of general meeting within five days after the resolution is approved by the board of directors (or after the approval has been granted if the relevant matter involves the prior approval of regulatory authorities), and any change to the original request in the notice shall be subject to consent from the relevant shareholders.
- (3) If the board of directors disagrees to hold an extraordinary general meeting, or fails to give a reply within ten days after receiving the request, shareholders who, individually or jointly, hold not less than 10% of the shares of the Company shall have the right to propose

to the supervisory committee to convene an extraordinary general meeting, and the request shall be submitted to the board of supervisors in writing.

- (4) If the supervisory committee consents to hold an extraordinary general meeting, it should issue a notice of general meeting within five days after receiving the request (or after the approval has been granted if the relevant matter involves the prior approval of regulatory authorities), and any change to the original request in the notice shall be subject to consent from the relevant shareholders.
- (5) If the supervisory committee fails to issue a notice of general meeting within the prescribed period, the supervisory committee is deemed to refuse to convene and preside over the general meeting, and shareholders who, individually or jointly, hold not less than 10% shares of the Company for not less than ninety consecutive days may convene and preside over a general meeting.

Expense reasonably incurred by the convening of meetings by shareholder(s) or the supervisory committee on a unilateral basis as the result of the board of directors' failure to convene such meetings shall be reimbursed by the Company, and to be deducted from amounts payable to the negligent directors by the Company.

Article 87 The chairman of the board of directors shall chair every shareholders' general meeting. If the chairman is unable to or does not perform his/her duties, the vice chairman of the board of directors shall and chair the meeting. If the vice chairman of the board of directors is unable to or does not perform his/her duties, a director jointly elected by more than half of the number of directors shall and chair the meeting. If more than half of the number of directors are unable to elect a director to chair the meeting, then shareholders present at the meeting may elect one person to act as the chairman of the meeting. If for any reason the shareholders cannot elect a chairperson, the shareholder (including proxy) holding the largest number of shares with voting rights at the meeting shall act as the chairperson. The shareholders' general meeting shall be presided over by the chairman of the meeting.

A shareholders' general meeting convened by the supervisory committee on their own shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or does not perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall preside over the said meeting.

Where the shareholders' general meeting is convened by the shareholders on their own, the convener shall elect a representative to preside over the meeting.

When convening a shareholders' general meeting, should the chairman of the meeting violates the rules and procedures, resulting that the shareholders' general meeting becomes unable to proceed, a person may, subject to the consent of more than half of the number of shareholders with voting rights attending the meeting at the scene, be elected at the shareholders' general meeting to preside



over the shareholders' general meeting such that the meeting may be continued.

Article 88 The meeting chairperson shall announce whether a resolution has been passed in according with the voting results, and it shall be recorded in the minutes book as conclusive evidence.

Minutes shall be prepared to record decisions made in respect of matters discussed in the shareholders' general meetings and duly signed by directors, supervisors, the secretary to the board of directors, the convenor or his/her proxy and the meeting chairperson attending the meeting. The minutes shall record the following matters:

- (1) the number of voting shares represented by the holders (including their proxies) of Domestic Shares and Overseas-Listed Foreign Shares who are present at the meeting, and the proportion of their shares out of the total number of shares of the Company;
- (2) the date and place of the meeting;
- (3) the name of the person chairing the meeting and the agenda of the meeting;
- (4) the main points regarding each of the examined and discussed matters made by each person who spoke at the meeting;
- (5) the names of the directors, supervisors, managers and other senior management officers attending or present at the meeting;
- (6) the consideration process and voting results of shareholders of Domestic Shares and shareholders of Overseas-Listed Foreign Shares in respect of each resolutions;
- (7) the inquiries and suggestions made by the shareholders, and the answers given or statements made by the board of directors and the supervisory committee in respect thereof;
- (8) the names of the lawyer, the teller and the scrutineer;
- (9) other matters which according to the opinions of the shareholders' general meeting and the provisions of the Articles of Association shall be recorded in the minutes of the meeting;

Article 89 Where the meeting chairperson has doubts about the results of the resolution tabled for voting, he may count the number of votes cast. If no counting is made by the meeting chairperson, any shareholder or his proxy attending the meeting, who queries the results as announced by the meeting chairperson, have the right to immediately demand a counting of the votes. The meeting chairperson shall forthwith conduct such counting of the votes.

Should the counting of votes is conducted in the shareholders' general meeting, the results shall be recorded in the minutes book.

The minutes and the signed attendance record of those shareholders attending the meeting and the proxy forms shall be retained together for a period of not less than ten years.

Article 90 Copies of the minutes of meeting shall be open for free inspection during the business hours of the Company by any shareholder. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days of the receipt of reasonable charges.

## **Chapter 10 Board of directors**

Article 91 The Company shall establish a board of directors comprising seven directors. Among the directors, external directors shall represent more than half of the members of the board of directors, independent directors shall represent more than one-third of the members of the board of directors, and at least one independent director shall be an accounting professional.

The board of directors shall have a chairman and a vice chairman. Directors are not required to hold shares of the Company.

Article 92 Directors shall be elected at the shareholders' general meetings for a term of three years, and may be re-elected and re-appointed upon the expiry of such term, provided that independent directors shall not hold office for successive terms of more than six years.

The chairman shall be elected and removed by more than half of all the members of the board of directors. The chairman shall hold office for a term of three years and may be re-elected and re-appointed upon the expiry of such term.

The shareholders' general meetings shall not dismiss any director before the expiry of his/her term with no reasons.

The term of office of a director shall commence from the date when he/she holds office until the expiry of the term of the existing board of directors. If an election is not conducted in time upon expiry of the term(s) of the director(s), the existing director(s) shall assume the responsibilities in accordance with the laws, administrative regulations, departmental regulations and the Articles of Association before the new director(s) be elected and hold(s) office.

Subject to compliance with the requirements of relevant laws and administrative regulations, any director whose term has not yet expired may be removed by the way of passing of an ordinary resolution at a shareholders' general meeting (without prejudice to claims that may be made under any contracts).

If an independent director of the Company fails to attend the board meeting in person and fails to appoint any other independent director to attend on his/her behalf for two consecutive times, 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/her duties as an independent director. Before the expiry of the term of office of an independent director, the Company may terminate

his/her duties in accordance with legal procedures. In the event that an independent director is dismissed in advance, the Company shall disclose the specific reasons and justifications for such dismissal in a timely manner. If an independent director is dismissed by the Company prior to the expiry of the term of office and believes that the reasons for the dismissal are inappropriate, he/she may submit objections and reasons, and the Company shall disclose in a timely manner.

In the event that other director fails to attend the board of directors' meetings in person for two consecutive times and that he/she fails to appoint another director to attend the board of directors' meetings on his/her behalf, he/she shall be treated as failing to discharge his/her duties and the board of directors shall propose to the shareholders' general meetings to have such director(s) be removed and replaced.

Article 93      The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening shareholders' general meeting and to report its work in general meeting;
- (2) to implement resolution(s) passed in general meeting;
- (3) to determine annual business plan and material investment proposal of the Company;

- (4) to formulate annual financial budget and final accounts of the Company;
- (5) to formulate profit distribution proposals and proposals for making up losses of the Company;
- (6) to formulate proposals for the increase or reduction of the registered capital of the Company and the issuance of debentures or other securities and the listing thereof;
- (7) to formulate proposals on the Company's substantial acquisition or sale, repurchase of the Company's shares or merger, division, dissolution or alteration of the nature of the Company;
- (8) to determine external investments, acquisition or sale of assets, pledges of assets, entrustments on financial management and connected transactions within the scope of authorisation granted by the shareholders' general meeting;
- (9) to determine the establishment of the Company's internal control organisation;
- (10) to appoint or dismiss the Company's general manager and to appoint or dismiss the deputy manager and the financial officer(s) and other senior management officers based on the recommendations of the general manager, and to determine their remuneration;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for any amendment of the Articles;
- (13) to exercise the Company's rights to make significant borrowing within the Company's annual financial budget;
- (14) to determine the establishment of special committee and the appointment and removal of the relevant person-in-charge;
- (15) to appoint and remove the secretary to the board of directors;
- (16) to manage matters relating to the Company's disclosure of information;
- (17) to propose in general meeting to re-appoint or replace the accounting firm which undertakes auditing work for the Company;
- (18) to be informed of the work report submitted by the Company's general manager and to examine the work of the general manager.
- (19) to be responsible for the Company's legal construction and compliance management;
- (20) other functions and powers granted by the general meeting of shareholders and the Articles of Association;
- (21) to determine other important business and administrative matters which are not required by the Articles of Association or relevant laws, regulations and departmental rules to be decided by the shareholders' general meeting.

As the board of directors resolve on issues as referred to in the previous paragraph, save at items (6), (7) and (12) which shall be approved by poll for more than two-third of the directors, other items shall be approved by poll for more than half of the directors.

The Company implements a general legal counsel system, exerts the role of the general legal counsel in legal review and control in operation and management, and promotes the Company's legal operation and compliance management. The general legal counsel shall be nominated by the general manager and shall be recruited or dismissed by the board of directors. If the matters considered at the board meeting involve legal issues, the general legal counsel shall attend the meeting and provide legal opinions.

Article 94 Where there is a disposition of fixed assets by the board of directors and the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of fixed assets made in the four months immediately preceding the proposed disposition exceeds 33% of the value of the fixed assets as shown in the latest balance sheet considered at the shareholders' general meeting, the board of directors shall not dispose or agree to dispose the fixed assets without the prior approval of shareholders' general meeting.

In this Article, disposition of fixed assets includes an act involving transfer of an interest in property other than by way of providing guarantee.

The validity of a disposition by the Company shall not be affected by a breach of the first paragraph of this Article.

Article 95 The board of directors shall formulate the Company's internal financial and accounting control systems to specify its authority to make external investments, acquisition or sale of assets, pledges of assets, entrustments on financial management and connected transactions and set out strict procedures for review, inspection and making decision. For major investment projects, the board of directors shall organise the relevant experts and professionals to conduct examinations and assessments and submit such projects for the shareholders' general meeting for approval.

Article 96 Before providing an external guarantee, the Company shall have a full understanding of the financial and credit status of the party to be guaranteed, and shall conduct a comprehensive analysis of the impact of the guarantee in the Company's interest and the risks faced by the Company. The party to be guaranteed shall have a good credit status and be solvent.

The amount of one single external guarantee shall not exceed 10% of the net asset value shown on the consolidated accounting statements of the latest financial year, and the total

guaranteed amount provided to one single wholly-owned subsidiary shall not exceed 45% of the net asset value shown on the consolidated accounting statements of the latest financial year. The total guaranteed amount provided to one single guaranteed party shall not exceed 5% of the net asset value shown on the consolidated accounting statements of the latest financial year. The total amount of external guarantees undertaken by the Company determined by the board of directors shall not exceed 50% of the net asset value shown on the consolidated accounting statements of the latest financial year.

Article 97 The Company shall not at any time provide guarantee for connected parties in which the Company holds less than 50% shareholding, or any entities which are not legal persons, or any individuals.

If the Company provides external guarantees to others, the Company shall require the guaranteed party to provide counter-guarantee to the Company and the party providing the counter-guarantee shall actually have the capacity to fulfill its obligations.

Article 98 In considering a matter regarding the profits distribution, especially cash dividends, the Board should fully safeguard the legitimate rights of shareholders of the Company to enjoy returns on assets and other rights as a priority. And a proposal shall be formed following special analysis and discussions on the returns of shareholders, and be first submitted for consideration by the Board's Audit and Compliance Committee composed of all independent directors. After the Audit and Compliance Committee fully listens to views of independent directors and approves the matter by voting, it shall then submit the matter to the Board for consideration.

If a profit distribution policy, especially a cash dividend distribution policy, must be adjusted due to the Company's production and operation conditions and its needs for long-term development, such adjustment shall be made with priority given to the interests of shareholders. The adjusted profit distribution policy shall not be in violation of relevant laws and regulations, normative documents as well as the relevant stipulations of these Articles of Association. A proposal on the adjustment of the profit distribution policy, especially a cash dividend policy, shall be formed following special discussions by the relevant departments, and be first submitted for consideration by the Board's Audit and Compliance Committee composed of all independent directors. After the Audit and Compliance Committee fully listens to views of the independent directors and approves the proposal by voting, it shall then submit the proposal to the Board for consideration.

Article 99 In the event that any directors or senior management officers of the Company assists or allows any controlling shareholder(s) and its subsidiaries to misappropriate any assets of the Company, the board of directors of the Company shall impose penalties on any directly

responsible persons proportionate to the severity of the matters and to remove any director(s) who holds material responsibility in relation thereto.

Article 100 The board of directors of the Company shall set up a mechanism of “freezing when misappropriation occurs” in relation to the shares held by the substantial shareholder(s). If any controlling shareholder(s) misappropriates the assets of the listed company, the board of directors shall apply to freeze the shares of such shareholder(s) through judicial procedures. If such shareholder(s) fails to compensate in cash for any losses arising there from, the equity interests in the listed company held by such controlling shareholder(s) shall be sold to compensate the value of the misappropriated assets.

Article 101 The chairman of the board of directors shall exercise the following duties and powers:

- (1) to preside at the general meeting, and to convene and preside at the meeting of the board of directors;
- (2) to examine the implementation of resolution passed in the board of directors’ meeting;
- (3) to sign on the securities issued by the Company and other important documents;
- (4) to exercise other duties designated by the Articles of Association and the board of directors;
- (5) to exercise the functions and powers of a legal representative.

The board of directors authorises the chairman to exercise the following duties and powers:

- (1) to convene the shareholders’ general meeting;
- (2) to provide guidance to significant business activities of the Company during the intervals of board of directors’ meetings;
- (3) to exercise special powers of discretion and disposal in respect of corporate matters, in cases of emergency such as wars, natural calamities in massive scale or other force majeure, provided that such discretion and disposal must be conducive to the interests of the Company and that a written report shall be furnished to the board of directors as soon as it is practicable after exercising such powers.

When the chairman of the board of directors is unable to perform his/her duties and powers, these duties and powers shall be performed by the vice chairman.

Article 102 The board of directors shall convene at least four meetings each year and such meetings shall be convened by the chairman of the board of directors. Apart therefrom, an extraordinary board of directors’ meeting may be convened under any of the following circumstances:

- (1) when deemed necessary by the chairman of the board of directors;

- (2) upon jointly proposed by more than one-third of the directors;
- (3) when proposed by the general manager;
- (4) upon proposed by more than half of the independent directors;
- (5) when proposed by the supervisory committee;
- (6) upon proposed by shareholders representing over 10% of the voting rights.

On occurrence of any of the events set out in the preceding sub-clauses (2), (3), (4) and (5) where the chairman of the board of directors is unable or fails to perform his/ her duties, the vice chairman shall convene the meeting. Where the vice chairman of the board of directors is unable or fails to perform his/her duties, a director recommended by more than half of the directors shall be responsible for convening the meeting.

Article 103 The time and place of regular meetings of the board of directors may be decided in advance by the board of directors. The director who proposes any motion shall notify the secretary of the board of directors in writing of the proposal. Subject to certain limited exceptions, the secretary of the board of directors shall notify the directors fourteen (14) days before the meeting of the time, place and agenda of the meeting. Regular meetings of the board of directors shall not include approval obtained from passing resolutions in writing by circulation of papers.

The secretary to the board of directors should copy the above-mentioned notice of the board of directors' meeting to chairman of supervisory committee five days prior to the date of such general meeting.

With respect to the extraordinary board of directors' meeting, the chairman of the board of directors or the relevant proposing party shall notify the secretary to the board of directors of the proposal and the agenda in writing. The time of the meeting shall be determined with regard to ensuring all the directors' receipt of the notice and having reasonable time for preparation.

If the notice of the board of directors' meeting is delivered in person, the date of acknowledgement of receipt by the addressee or the person who accepts the service process on behalf of the addressee shall be deemed the date of service; if the notice is sent out by facsimile or email, the date of effective transmission of the facsimile or the email shall be deemed the date of service.

Article 104 If a notice of meeting is accidentally omitted to be sent to a particular director or any person who is entitled to receive the notice or if a director or such person has not received the notice of meeting, the meeting and the resolutions made therein shall not become void thereby.

Article 105 The board of directors shall provide the directors with sufficient information, and the Company shall ensure that independent directors are equally entitled to the same information as



with other directors. With respect to the matters required to be decided by the board of directors, the Company shall notify the independent directors and provide sufficient information in advance within the statutory period. If the independent directors consider the information is insufficient, they may request supplemental information. If two or more than two independent directors consider the information is insufficient or that the supporting materials fail to substantiate the matter, they may jointly request the board of directors in writing to postpone the date for convening the board of directors' meeting or to consider the matter at a later date. The board of directors shall adopt accordingly.

Article 106 Except as otherwise provided for in the Company Law and the Company's Articles of Association, the quorum for meeting of the board of directors shall be more than half of the directors.

Resolutions of the board of directors shall be decided by poll and each director shall have one voting rights. The board of directors may pass resolutions only upon a majority vote of all directors.

In the case of an equality of votes, the chairman of the board of directors shall be entitled to one additional vote.

Article 107 Directors shall attend the board of directors' meetings in person. If any director is unable to attend the meeting for any reason, he/she may appoint another director as his/her proxy to attend the meeting on his/her behalf and the instrument appointing the proxy shall state the scope of authority.

A director who attends a meeting on behalf of another director shall exercise the director's rights within the scope of the appointed authority. A director who fails to attend a particular board of directors' meeting and who has not appointed a representative to do so shall be deemed to have waived his/her voting rights in respect of that meeting.

A director shall not vote or be counted in the quorum in respect of any matter to be voted on in a board of directors' meeting in which he/she or any of his/her associate (as defined under the Rules Governing the Listing Securities of the Hong Kong Stock Exchange Limited) is materially interested.

Article 108 When a director and the corporations involved in the resolutions of the board of directors' meeting have connected relations, such director shall not exercise his/her voting rights on such resolutions nor can he/she exercise any voting rights on behalf of other directors. A board of directors' meeting may be held if it is attended by more than one half of the unconnected directors, and the resolutions of the board of directors' meeting shall be passed by more than one half of the unconnected directors. Where the number of unconnected directors attending the board of directors' meeting is less than three, such matter shall be submitted to shareholders' general

meeting for consideration.

Article 109 The board of directors shall prepare minutes for the matters discussed and decided in the board of directors' meeting. Directors attending the meeting and the officer responsible for taking the minutes shall sign on the minutes. Directors shall undertake responsibilities for the board of directors' resolutions. In the event that the board of directors' resolutions contravene the laws, administrative regulations and the Articles of Association, thereby causing serious losses to the Company, the directors who took part in such resolution shall be liable to the Company for compensation. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, that director may be relieved of such liability.

Any extraordinary board of directors' meeting may be held by means of communication on the condition that the directors' right to speak is safeguarded. Under exceptional circumstance, where the resolution has been delivered by the board of directors to all directors by facsimile or otherwise and the number of directors who affirmatively signed the resolution form a quorum for passing the resolution and the resolution so signed has been submitted to the secretary to the board of directors by the said means of communication, such resolution shall become a resolution made by the board of directors without an extraordinary board of directors' meeting being convened.

Article 110 The secretary to the board of directors shall keep the minutes of the board of directors' meetings and its committee(s) and shall, upon reasonable prior notice being given by any director, allow such director free access to the minutes of the relevant meetings at all reasonable times.

The minutes of a board of directors' meeting shall include:

- (1) the date and place of the meeting, and the name of the convenor of the meeting;
- (2) the names of the attending directors and the names of directors (proxies) who are appointed to attend the meeting;
- (3) the agenda of the meeting;
- (4) the main points of each director's speech;
- (5) the methods of voting for each matter to be resolved on and the voting results (the results shall state the number of votes in favour of and against the proposal and the number of abstention votes).

Article 111 The period for lodgment of notices in writing to the Company of the intention to propose a candidate for election as a director and of such candidate's consent to be elected shall be at least seven days and which shall commence no earlier than the date after the dispatch of the notice of the shareholders' general meeting convened to consider such election and shall end no later than seven days prior to the date of such shareholders' general meeting.

Article 112 Candidates offering themselves to be elected as directors shall be nominated by the board of directors, the supervisory committee or shareholders interested in more than 3% of the Company's issued shares in separate or aggregated holdings. Candidates offering themselves to be elected as independent directors shall be nominated by the board of directors, the supervisory committee or shareholders interested in more than 1% of the Company's issued shares in separate or aggregated holdings, and shall be decided on election at the general meeting.

Investors protection institutions established by law may publicly request shareholders to entrust them to exercise the right to nominate independent directors on their behalf.

An independent director nominator shall not nominate any person whose interests are related to such independent director or any other close person who may affect the independent performance of his/her duties as a candidate for the independent director.

The Company shall disclose personal details of the candidates (including resumes and basic background) for directorship prior to the convening of the shareholders' general meeting to ensure shareholders will have sufficient knowledge of the candidate before the ballot.

Article 113 Parties nominating candidates for election as independent directors shall do so with the approval of such candidates. Nominating parties shall have sufficient knowledge of the profession, academic qualifications, titles and detailed information on work experience including all part-time employments of a candidate, and shall furnish an opinion in respect of the candidate's qualifications and independence to act as an independent director. The nominated candidate shall make a public statement to the effect that he/she is not related to the Company in any way that might affect his/her independence and objective judgment.

The board of directors of the Company shall make announcements in relations to the above prior to the shareholders' general meeting at which independent directors are elected.

Article 114 Prior to the convening of the shareholders' general meeting for the election of directors, the Company shall submit all relevant materials of the nominees to the China Securities Regulatory Commission, its representative office where the Company is located and the stock

exchange(s) on which the Company's shares are listed. Nominees shall still be eligible as candidates for directorships notwithstanding disapproval of the aforesaid regulatory authorities, but shall not be eligible as candidates for election as independent directors. The Company's board of directors shall state whether candidates for election as independent directors have been subject to disapproval of the aforesaid regulatory authorities when electing independent directors in a shareholders' general meeting.

Article 115 A director may tender his/her resignation prior to the expiry of his/her term. Resignation of directors shall be addressed to the board of directors in the form of a written resignation report.

In the event that a Director's resignation results in the number of Directors being less than the quorum, the resignation report of such directors shall become effective only when the vacancy arising from his/her resignation has been filled by a new director. The board of directors consisting of the remaining directors shall convene an extraordinary general meeting as soon as practicable to elect a director to fill the vacancy arising from the resignation of any director. The powers of the resigning director and the board of directors consisting of the remaining directors shall be subject to due restrictions until the shareholders' general meeting has made a resolution in respect of the re-election of a director.

A resigning independent director shall make a statement of any matters pertaining to his/her resignation or otherwise in his/her opinion warranting the attention of shareholders and creditors. In the event that the number of independent directors or the number of directors falls short of the minimum requirement stipulated in the laws or the Company's Articles of Association as a result of the resignation of any independent director, such independent director shall perform his/her duties in accordance with the laws, administrative regulations and the Articles of Association prior to the re-appointed independent director assuming his/her office. The board of directors shall convene a shareholders' general meeting for the re-election of the independent director within two months. If the shareholders' general meeting has yet convened after the expiry of the two-month period, the resigning independent director may cease to perform his/her duties thereafter.

Article 116 The Independent directors should discharge their duties in good faith, act in the best interests of the Company, with particular emphasis on safeguarding the lawful interests of the public shareholders from suffering damage.

The independent directors should discharge their duties independently and free from the influence of the Company's substantial shareholder, de facto controller or the interested parties, whether entities or individuals of the Company, its substantial shareholder or de facto controller.

Article 117 Independent directors should attend the board of directors' meetings according to schedules, be aware of the Company's business production and operations, proactively investigate matters and acquire information which is necessary for decision-making. Independent directors should give an account of the discharge of their duties by submitting independent directors' annual report in the annual general meeting.

Article 118 The Company should establish a system for the work of independent directors and the secretary to the board of directors should provide active assistance to facilitate the discharge of the independent directors' duties. The Company should ensure that independent directors are equally entitled to the same information as with other directors, and provide relevant materials and information to the independent directors on a timely manner, inform them of the status of the Company's operations regularly and organise on-site investigation for independent directors where necessary.

Article 119 The consent of more than half of the independent directors should be obtained to propose any substantial connected transaction of the Company and the appointment or dismissal of an accounting firm for the board of directors' discussion. The consent of more than half of the independent directors should be obtained if any independent director proposes the convening of an extraordinary general meeting or a board of directors' meeting, and for collection of the shareholders' voting rights prior to the convening of a shareholders' general meeting. Subject to the unanimous consent of the independent directors, the independent directors may appoint external auditing firm or consultant firm independently to audit or consult on specific matters of the Company, and the relevant fees shall be borne by the Company.

The Company should disclose any circumstances due to which proposals described above are not adopted or the aforesaid powers cannot be properly exercised.

Article 120 The Company shall hold regular or irregular meetings attended by all independent directors (hereinafter referred to as the "Special Meeting(s) of Independent Directors"). Matters below shall be considered at a Special Meeting of Independent Directors:

- (1) To independently appoint intermediary institutions to audit, consult or verify specific matters concerning the Company;
- (2) To propose to the board of directors to convene an extraordinary general meeting;
- (3) To propose the convening of a board meeting;
- (4) Related party transactions to be disclosed;
- (5) The plan for the change or waiver of undertakings by the Company and related parties;
- (6) The decisions made and measures taken by the board of directors of the acquired company in respect of the acquisition;
- (7) Other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and the Articles of Association.

The Special Meetings of Independent Directors may study and discuss other matters of the Company as needed.

The Company shall provide convenience and support for the convening of the Special Meetings of Independent Directors.

Article 121 The Company shall set up the Strategy and Sustainable Development Committee. The committee shall comprise of the directors of the Company. The members of the committee shall be nominated by the Chairman of the Company and elected by the Board.

There shall be one chairman for the Strategy and Sustainable Development Committee, which is the Chairman of the Company.

The main duties of the Strategy and Sustainable Development Committee are:

- (1) To conduct researches and to submit proposals regarding the long term development strategies and medium and long-term development plan of the Company;
- (2) To monitor the implementation of the development plan of the Company and report to the Board of the significant deviation of strategy development in a timely manner;
- (3) To conduct researches regarding the major developments of economic situation, industrial policies, technology advancement, industrial environment, force majeure and other factors, and to submit proposals regarding whether adjustment on the Company's development strategy is necessary;
- (4) To review and to submit proposals regarding major investment, financing plan, major capital operation and asset operation projects that affect the development of the Company;
- (5) To inspect and supervise the implementation of the above major projects, listen to the post project evaluation report and make suggestions;
- (6) To responsible for the sustainable development of the Company (including but not limited to: Environmental, Social and Governance (ESG), etc.), and put forward relevant suggestions to the Board;
- (7) To carry out other duties as authorized by the board of directors and other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and systems of the Company.

Article 122 The board of directors of the Company shall establish an audit and compliance committee consisting of not less than three members with a majority of independent non-executive directors and an independent non-executive director serving as the chairman. At least one of the members of the audit committee shall have appropriate professional qualifications or accounting or related financial management expertise.

The major duties of the audit and compliance committee shall be:

- (1) to supervise and evaluate external audit work, to propose the appointment or replacement of external audit firms;
- (2) to supervise and evaluate internal audit work, including supervise the internal audit system of the Company and its implementations;
- (3) to facilitate communication between internal auditors and external auditors;
- (4) to appoint or dismiss the financial officer(s) of the Company;
- (5) to audit the financial information of the Company and its disclosures;
- (6) to review and examine the internal control, risk management and compliance management systems of the Company;
- (7) to make changes to accounting policies and accounting estimates or correction to significant accounting errors for reasons other than changes in accounting standards;
- (8) to guide the compliance management of the Company's units and its subsidiaries;
- (9) to carry out other duties as authorized by the board of directors and other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and systems of the Company.

Article 123 The board of directors of the Company shall establish a nomination committee consisting of not less than three members and all of them shall be directors. The majority of such members shall be independent directors, one of whom shall act as the chairperson of the committee.

The major duties of the nomination committee shall be:

- (1) to review the structure, size, and composition of the board of directors (including skills, knowledge, and experience) at least annually, and make recommendations on any changes proposed to the board of directors to align with the Company's strategy and ensure diversity of board members (including but not limited to gender, age, cultural and educational background or professional experience) in line with relevant regulations of China and the Company's business development, changes to shareholding structure and so forth;
- (2) to determine the selection criteria and procedures for director and senior management, and make recommendations to the board of directors thereto;
- (3) to select, review and form clear review opinions on the candidates for directors and senior



management as well as their qualifications;

- (4) to make recommendations to the board of directors regarding the nomination, appointment or dismissal of directors;
- (5) to make recommendations to the board of directors regarding the appointment or dismissal of senior management;
- (6) to evaluate the independence of independent directors;
- (7) to be responsible for other duties authorised by the board of directors and other matters stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and systems of the Company.

Article 124 The board of directors of the Company shall establish a remuneration committee consisting of not less than three members and all of them should be directors. The majority of such members should be independent directors, one of whom shall act as the chairperson of the committee.

The major duties of the remuneration committee shall be:

- (1) to propose to the board of directors on remuneration policy for the general body of directors and senior management officers, and formulating procedures for such policy in a proper and transparent manner;
- (2) to formulate draft equity incentive plans;
- (3) to review the remuneration of directors and senior management officers in accordance with the corporate objectives stipulated by the board of directors;
- (4) to review termination or job-related compensations payable to the directors or the senior management officers;
- (5) to ensure none of the directors nor their associates shall determine their own remuneration;
- (6) to carry out other duties as authorized by the board of directors and other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and systems of the Company.

## **Chapter 11 Secretary to the Board of directors of the Company**

Article 125 The Company shall appoint secretary to the board of directors. The secretary of the board of directors shall be a senior manager officer of the Company.

Article 126 The secretary to the board of directors shall be a natural person who has acquired requisite professional knowledge and experience. He/She shall be appointed and removed by the board of directors with major duties include:

- (1) to organise and arrange for shareholders' general meetings and board of directors' meetings, prepare materials for the meetings, handle the affairs related to the meetings, ensure the accuracy of records and be responsible to keep the documents and minutes of

the meetings;

- (2) to ensure the Company's preparation and submission of reports and documents required by the relevant authorities in accordance with laws;
- (3) to ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (4) to be responsible for ensuring timely, accurate, lawful, truly and complete disclosure of the Company's information;
- (5) to establishing investor relations management systems and be responsible for administrations of investor relations for the Company;
- (6) to be responsible for the confidentiality regarding the disclosure of information made by the Company and to report and disclose to the stock exchange on which the shares of the Company are listed immediately once there is leakage of undisclosed material information;
- (7) to pay close attention to the media coverage of the Company and to proactively verify the truthfulness of such coverage; and to press the board of directors of the Company to answer queries raised by the stock exchange on which the shares of the Company are listed in a timely manner;
- (8) to organise training programmes for the directors, supervisors and senior management officers of the Company on the relevant laws and administrative regulations and to assist them in understanding their respective duties and obligations regarding information disclosure;
- (9) to discharge any other duties as specified by laws, the Articles of Association or listing rules of any stock exchanges on which the shares of the Company are listed (including any requests which may be reasonably made by the board of directors).

Article 127 Directors or other senior management officers (excluding the supervisors) of the Company may at the same time act as the secretary to the board of directors of the Company. An accountant of the accounting firm engaged by the Company shall not at the same time act as the secretary to the board of directors.

In the event that a director acts as the secretary to the board of directors and a certain act has to be performed separately by a director and the secretary to the board of directors, such person who is at the same time the director and the secretary to the board of directors shall not perform such act in both capacities.

The post of the secretary to the board of directors shall be assumed by one or two natural persons. In case where two persons are appointed jointly, the obligations of the secretary to the board of directors shall be assumed jointly by such two persons. However, any one of them shall be

entitled to exercise all powers of the secretary to the board of directors independently.

Article 128 After his/her removal or resignation, the secretary to the board of directors shall continue to discharge his/her duties as a secretary to the board of directors until his/her reporting and announcement obligations are fulfilled or the resignation assessment and documentation handover procedures are completed.

## **Chapter 12 General Manager**

Article 129 The Company shall have a general manager who shall be appointed or removed by the board of directors.

A director can also be appointed on part-time basis as a general manager, deputy general manager or other senior management officers, provided that the number of directors so appointed on part-time basis shall not exceed one-half of the total number of directors of the Company.

Article 130 The general manager is responsible to the board of directors and shall exercise the following powers:

- (1) to be in charge of the Company's production, operation and management, and organise the implementation of the board of directors' resolutions;
- (2) to organise the implementation of the Company's annual business plans and investment proposals;
- (3) to formulate proposals for the Company's internal management structure;
- (4) to formulate the basic management system of the Company;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose the appointment and dismissal of the deputy general manager and the financial officers;
- (7) to appoint or dismiss the management officers other than those who are required to be appointed or dismissed by the board of directors;
- (8) to decide on the incentives or penalties, promotion or demotion, wage rises or cuts, employment, recruitment or dismissal, removal of the Company's employees;
- (9) to handle important external business on behalf of the Company;
- (10) to convene and preside over general manager's business meetings;
- (11) to propose the convening of extraordinary board of directors' meetings;
- (12) other powers conferred by the Articles of Association and the board of directors.

Article 131 The general manager shall attend meetings of the board of directors. A general manager who is not a director does not have the right to vote at meetings of the Board.

Article 132 The general manager shall report to the board of directors or the supervisory committee, according to their requirements, all the material contracts entered into by the Company, the implementation thereof, and the use of funds and profitability. The general manager shall warrant the accuracy of such reports.

Article 133 The general manager shall consider the opinions of the labour union and the employee representatives' meeting before making decisions relating to issues such as wages, benefits, production safety and labour protection, labour insurance, termination of employment (or dismissal) of the Company's employees and personal interests of employees.

Article 134 The general manager shall formulate General Manager Guidelines and have them approved by the board of directors prior to their implementation.

General Manager Guidelines shall include the followings:

- (1) the requirements, procedures and attendees of general managers' business meetings;
- (2) the respective duties of, and the division of responsibilities between, the general manager, deputy general managers and other senior management officers;
- (3) the usage of the Company's funds and assets, the scope of authority to enter into material contracts, and the mechanism of reporting to the board of directors and the supervisory committee;
- (4) other matters considered necessary by the board of directors.

Article 135 In exercising his/her powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association and shall perform obligations honestly and diligently.

Article 136 The general manager may submit his/her resignation in writing to the board of directors before the term of office expires.

### **Chapter 13 Supervisory committee**

Article 137 The Company shall have a supervisory committee. The supervisory committee is the standard internal oversight department of the Company, responsible for supervising the board of directors and its members as well as other senior management officers, and for preventing their abusing of power and violation of the legitimate rights and interests of shareholders, the Company and the employees thereof.

Article 138 The supervisory committee shall consist of three supervisors, with supervisors appointed from employee representatives of the Company accounting for more than one-third and external supervisors accounting for more than one-half of the members of the supervisory committee, and with more than one independent supervisors.

A supervisor shall serve term of three years and may offer themselves for re-election and re-appointment. An independent supervisor may not hold consecutive offices for more than six years.

The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be decided by no less than two-thirds of the members of the supervisory committee.

Should the chairman of the supervisory committee be unable to perform his/her duties, he/she shall appoint as supervisor to exercise the duties on his/her behalf.

Article 139 Supervisors appointed from the employee representatives shall be elected and removed by the employee representatives' meeting of the Company. Other supervisors shall be elected and removed by the shareholders' general meeting.

In addition to supervisors elected from the employees, candidates for other supervisors may be nominated by the supervisory committee of the Company or by shareholders who (individually or jointly) hold more than 3% of the Company's issued shares. The Company shall, before the shareholders' general meeting, disclose the details of candidates for other supervisors (including resume and the basic profiles), in order to ensure that shareholders have sufficient understanding of the candidates before voting.

An employee supervisor who failed to attend two consecutive meetings of the supervisory committee in person shall be deemed to have failed to fulfill his/her duties, and he/she shall be removed and replaced by the employee representatives' meeting; an independent supervisor who failed to attend three consecutive meetings of the supervisory committee in person or any supervisor other than employee or independent supervisors who failed to attend two consecutive meetings of the supervisory committee shall be deemed to have failed to fulfill his/her duties, and he/she shall be removed and replaced by the shareholders' general meeting.

Article 140 Directors, general manager and financial officers of the Company shall not act as supervisors.

Article 141 The supervisory committee shall convene no less than four meetings in a year, and the chairman of the supervisory committee shall be responsible for convening such meetings.

The supervisory committee shall promptly convene extraordinary meetings whenever necessary. If a supervisory committee meeting cannot be held as scheduled, an announcement

shall be made to account for the reasons thereof.

Notice of a supervisory committee meeting shall be served in writing to all supervisors ten days prior to the meeting. Notice of the meeting shall include the date, place and duration of the meeting, reasons and agenda, and the date of giving the notice.

Article 142 If the notice of the supervisory committee meeting is delivered in person, the date of acknowledgement of receipt by the addressee or the person who accepts the service process on behalf of the addressee shall be deemed the date of service; if the notice is sent out by facsimile or email, the date of effective transmission of the facsimile or the email shall be deemed the date of service.

Article 143 If a supervisor or any other person who has the rights to receive the notice of meeting is left out accidentally to be served with the notice or such parties fail to receive the notice of meeting, the meeting and resolution made in the meeting shall not become void thereby.

Article 144 The supervisory committee shall be responsible for reporting to the shareholders' general meeting, and it shall exercise the following powers by laws:

- (1) to review the periodic reports of the Company prepared by the board of directors and propose written audit opinion;
- (2) to examine the Company's financial situation;
- (3) to supervise the performance of the duties of the directors, general manager and other senior management officers of the Company, and recommend the removal of any directors, general manager and other senior management officers involved in violation of laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meeting;
- (4) to require the directors, general manager and other senior management officers of the Company to rectify their behavior when their conducts are harmful to the interests of the Company;
- (5) to verify the financial information such as financial reports, business reports, profit distribution proposals to be put forward for submission to the shareholders' general meeting and, in case of doubt, may authorise, in the name of the Company, certified public accountants or practicing auditors assist in reviewing the same;
- (6) to propose the convening of extraordinary general meeting, and convene and preside over the shareholders' general meeting when the board of directors does not fulfill its duties to convene and preside over the shareholders' general meetings under the Company Law;

- (7) to initiate litigation against the directors, general manager and other senior management officers in accordance with Article 151 of the Company Law;
- (8) to put forward proposed resolutions to the shareholders' general meeting;
- (9) to carry out investigation if any abnormal operations are found and to appoint professional institutions such as accounting firms and legal firms to provide assistance to its work if necessary; of which relevant costs shall be borne by the Company;
- (10) other duties under the Articles of Association.

Supervisors may attend the board of directors' meetings.

Article 145 The supervisory committee may require the directors, general manager and other senior management officers of the Company, as well as internal and external auditing personnel, to attend supervisory committee meetings and answer such questions as may be concerned.

Article 146 Supervisory committee meetings shall be held in the following manner: to be attended by more than half of the supervisors, and implement a one-person-one-vote voting system.

Resolutions of the supervisory committee shall be passed with the affirmative votes of more than two-thirds of the members of the supervisory committee.

Article 147 Minutes shall be taken at any supervisory committee meeting. Supervisors attending the meeting and the officer responsible for taking the minutes shall sign the minutes of the meeting, in which supervisors have the right to make certain clarifications of the opinions they expressed at the supervisory committee meeting. Minutes of the supervisory committee meeting shall be kept as an important documentation of the Company.

Article 148 In exercising his/her authority, any reasonable expenses incurred by the supervisory committee in engaging professional personnel such as lawyers, certified public accountants or practicing auditors shall be borne by the Company.

Article 149 A supervisor shall act honestly in discharging his/her supervisory duties in accordance with the laws, administrative regulations and the Company's Articles of Association.

Article 150 A supervisor may resign before the end of his/her term of office. Provisions set out in Article 115 of this Article in relation to the resignation of directors shall be applicable to supervisors.

## **Chapter 14 Party Organisation**

Article 151 The Company shall establish a committee of the Communist Party of China of Maanshan Iron & Steel Company Limited (hereinafter referred to as the “Party Committee”).

Article 152 The Party Committee shall play a core leading role and supervise the implementation of the directional policies of the Party and the country throughout the Company, consider and discuss on major operational and management matters of the Company.

The Party Committee shall comply with the laws of the country, support the Shareholders’ General Meeting, Board, supervisory committee and general manager in exercising their power in accordance with the laws.

The Company shall adapt to the needs of modern corporate system and market competition, follow the principles of management of officers and talent by the Party to establish a team of high-calibre talent.

To strengthen the self-construction of the Party Committee, play a leading role in the ideological and political work, the spiritual civilisation construction and the mass organizations such as the labour union and the Communist Youth League.

## **Chapter 15 Qualifications and Obligations of Directors, Supervisors, General Manager and other Senior Management Officers of the Company**

Article 153 A person shall not be appointed as a director, a supervisor, a general manager or other senior management officer of the Company in any of the following conditions:

- (1) the person has no civil capacity or his/her civil capacity is restricted;
- (2) a period of less than five years has elapsed after serving the full term of a sentence for corruption, bribery, expropriation of assets, misappropriation of assets or social and economic disorder, or a period of less than five years has elapsed since the deprivation of the political rights as a result of a criminal conviction;
- (3) a period of less than three years has elapsed since the completion of the winding up and liquidation of a company or an enterprise in which the person was a director, a factory manager or a manager and was held personally liable for the winding up of the company or the enterprise;
- (4) a period of less than three years has elapsed since the revocation of the business license and compulsory closure of a company or an enterprise for illegal business operations where the person was the legal representative of such company or enterprise and was held personally liable;
- (5) the person has a debt of a material amount which has not been repaid when due;



- (6) the person has breached the criminal law and is subjected to investigation by judicial authorities and the case has yet to be settled;
- (7) provisions of the laws or administrative regulations stipulate that the person is not permitted to assume a leading position in an enterprise;
- (8) the person not being a natural person;
- (9) a period of less than five years has elapsed since the date when the person was convicted of offences involving behavior related to fraud or dishonesty and was ruled by the relevant competent authorities to have violated relevant securities regulations;
- (10) persons who have been identified as being prohibited from participating in the markets by the China Securities Regulatory Commission and where such prohibitions are still in force;
- (11) other contents stipulated by laws, administrative regulations and departmental regulations.

If any election or appointment of directors, supervisors or the engagement of general manager or other senior management officers is in violation of this Article, such election, appointment or engagement shall be deemed invalid. The Company shall dismiss any directors, supervisors or general manager or other senior management officers if the circumstances specified in this Article occur during their tenures.

Article 154 An independent director shall fulfill the following basic conditions:

- (1) being qualified to act as a director according to the laws, administrative regulations and other relevant provisions;
- (2) having the independence required by relevant laws, administrative regulations, departmental rules and the Articles of the Association;
- (3) having basic knowledge of the operation of listed companies, familiar with relevant laws, administrative regulations, rules and standards;
- (4) having more than five years of legal or economic experience or other necessary working experience required in order to assume the position of an independent director;
- (5) having good character traits and shall not have any gross dishonesty or other adverse records;
- (6) other conditions as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 155 Independent directors must be independent. The following persons shall not assume the position of independent directors:

- (1) Employees of the Company or its subsidiaries and their spouses, parents, children and other members with close social contacts (including but limited to brothers and sisters,

spouses of the brothers and sisters, parents-in-law, brothers and sisters of the spouses, sons- and daughters-in-law and parents of their children's spouses);

- (2) natural person shareholders directly or indirectly holding more than 1% of the issued shares of the Company or ranking among the top ten shareholders in the Company and their spouses, parents and children;
- (3) employees of corporate shareholders directly or indirectly holding more than 5% of the issued shares of the Company or ranking among the top five corporate shareholders of the Company and their spouses, parents and children;
- (4) employees who work in affiliates of the controlling shareholder or actual controller of the Company and their spouses, parents and children;
- (5) a person who has major business dealings with the Company, its controlling shareholder or actual controller or their respective affiliates, or a person who works in entities with which he/she had major business dealings, their controlling shareholders, actual controllers;
- (6) a person who provides financial, legal, consulting, sponsorship and other services to the Company and its controlling shareholders, actual controllers or their respective affiliates, including but not limited to all members of the project team, all personnel at all levels who are responsible for review, signatories of reports, the partner, directors, senior management and main responsible persons of intermediaries providing such services;
- (7) the person who was in the circumstances mentioned in items 1 to 6 during the past 12 months;
- (8) other persons who were not independent as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The affiliates of the controlling shareholder and actual controller of the Company mentioned in items 4 to 6 of the preceding paragraph do not include those controlled by the same state-owned assets administration authority as the Company and those not having a related party relationship with the Company under relevant regulations.

Independent directors shall conduct an annual self-examination of independence and submit the self-examination to the board of directors. The board of directors shall evaluate and issue a special opinion on the independence of the incumbent independent directors on an annual basis, which shall be disclosed at the same time as the annual report.

Article 156 The validity of an act of a director, a general manager or other senior management officer of the Company on behalf of the Company is not, vis-à-vis a bona fide third party, affected by any irregularity in his/her appointment, election or qualification.

Article 157 In addition to obligations imposed by the laws, administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed,

the director, supervisor, general manager and other senior management officers of the Company owes the following obligations to each shareholder, in the exercise of the powers entrusted by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act faithfully in the best interests of the Company;
- (3) not to expropriate in any guise the Company's assets, including (but not limited to), opportunities favorable to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to), rights of distribution and voting rights, save and except a corporate restructuring submitted to shareholder's general meeting for approval in accordance with the Articles of Association.

Article 158 The directors, supervisors, general manager and other senior management officers of the Company owe a duty, in the exercise of his/her powers or the discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 159 A director, supervisor, general manager and other senior management officer of the Company, while exercising his/her powers, is duty-bound to observe the obligations of a fiduciary, not to place himself/herself in a position where his/her duty and interests may conflict. This principle includes (but not limited to) the following duties:

- (1) to act faithfully in the best interests of the Company;
- (2) to exercise the powers within his/her authority and not to exceed the relevant authority;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the direction of another and, unless and to the extent permitted by the laws, administrative regulations or the informed consent at the general meeting, not to delegate his/her discretion to others;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent at the shareholders' general meeting, not to enter into a contract, transaction or arrangement with the Company;
- (6) without the informed consent at the general meeting, not to use the Company's assets for his/her own benefits in any form;
- (7) not to accept bribes or other illegal income and not to expropriate in any guise the Company's assets including (but not limited to), opportunities favorable to the Company;
- (8) without the informed consent at the shareholders' general meeting, not to accept

commissions in connection with the Company's transactions;

- (9) to comply with the Articles of Association and act honestly in exercising his/her powers and discharging his/her functions and act in the best interests of the Company and not to use his/her position and power in the Company for personal benefits;
- (10) without the informed consent at the shareholders' general meeting, not to compete with the Company in any way;
- (11) not to expropriate the funds of the Company or lend the funds of the Company to others and not to open an account and deposit the Company's assets in his/her own name or another's name and not to use the Company's assets to provide security for any personal indebtedness of a shareholder of the Company or others;
- (12) unless otherwise permitted by the informed consent at the shareholders' general meeting, not to disclose confidential information acquired by him/her during his/her office and not to use such information other than in the furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental competent authorities is permitted if:
  - i. provided by the laws;
  - ii. a matter of public interests;
  - iii. a matter of the interests of such director, supervisor, general manager and other senior management officer of the Company.

The gains obtained by a director in violation of the provisions of this article shall belong to the Company; if any loss is caused to the Company, he/she shall be liable for compensation.

Article 160 A director, supervisor, general manager and other senior management officer of the Company shall not instruct the following persons or institutions ("Associates") to do anything that the director, supervisor, general manager and other senior management officer is prohibited from doing:

- (1) the spouse or minor child of the director, supervisor, general manager and other senior management officers of the Company;
- (2) a trustee of the director, supervisor, general manager and other senior management officers or the person referred to in item (1) of this Article;
- (3) a partner of the director, supervisor, general manager and other senior management officers of the Company or the person referred to in items (1) and (2) of this Article;
- (4) a company in which that the director, supervisor, general manager and other senior management officers of the Company alone have a de facto controlling interest, or a company in which that the person referred to in items (1), (2) or (3) of this Article and other director, supervisor, general manager and other senior management officers of the Company jointly have a de facto controlling interest;

- (5) a director, supervisor, general manager and other senior management officer of the controlled company referred to in item (4) of this Article.

Article 161 The fiduciary duty of a director, supervisor, general manager and other senior management officer of the Company will not necessarily cease at the end of his/her term, and his/her duty of confidence in relation to trade secrets of the Company survives the termination of his/her term of office. Other duties may continue for such period as fairness may require and depending on the time which has elapsed between the termination and the act concerned and the circumstances and conditions under which the relationship with the Company is terminated.

Article 162 The Company establishes the necessary directors', supervisors' and senior management personnel's liability insurance scheme with a view to reducing the risks potentially caused by the performance of duties by such persons in the normal course of business, and the related liability insurance coverage shall be subject to the related contract.

Except for the circumstances provided under Article 50, a director, supervisor, general manager and other senior management officer may be relieved of liability for a specific breach of his/her duty by the informed consent of the shareholders' general meeting.

Article 163 Where a director, supervisor, general manager and other senior management officer of the Company is directly or indirectly materially interested in a contract, transaction or arrangement entered or proposed with the Company, other than the contract of service of the director, supervisor, general manager and other senior management officer of the Company, he/she shall declare the nature and extent of his/her interest to the board of directors at the earliest opportunity, whether or not such matter is subject to the approval of the board of directors under normal circumstances.

Unless the interested director, supervisor, general manager and other senior management officer has disclosed his/her interest in accordance with the requirement of the preceding paragraph of this Article to the board of directors and the matter has been approved by the board of directors at a meeting in which he/she is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable at the instance of the Company, except as against a bona fide party thereto acting without notice of the breach of duty by the director, supervisor, general manager and other senior management officer concerned.

A director, supervisor, general manager and other senior management officer is deemed to be interested in a contract, transaction or arrangement in which an associate of such director, supervisor, general manager and other senior management officer is so interested.

Article 164 Where a director, supervisor, general manager and other senior management officer

of the Company gives to the board of directors a notice in writing stating that, by reason of facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed, for the purposes of the preceding Article of this Chapter, to be sufficient declaration of his/her interests, so far as attributable to those facts; provided that such a notice shall have been given before the entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 165 None of the directors of the Company shall act in his/her own name on behalf of the Company or the board of directors, without being provided by the Articles of Association or the legitimate authorisation of the board of directors. Where the director acts in his/her own name, but where a third party may reasonably assume such director to be acting on behalf of the Company or the board of directors, such director shall state his/her own position and capacity.

Article 166 The Company shall not, in any manner, pay taxes for or on behalf of its director, supervisor, general manager and other senior management officer.

Article 167 The Company shall neither, directly or indirectly, provide a loan and loan guarantee to a director, supervisor, general manager and other senior management officer nor provide a loan and loan guarantee to an associate of the aforesaid persons;

The preceding clause shall not apply to the following conditions:

- (1) the provision of a loan to its subsidiary or the provision of a loan guarantee for the subsidiary by the Company;
- (2) the provision of a loan, a loan guarantee or other sums by the Company under a service contract as approved by the shareholders' general meeting with a director, supervisor, general manager and other senior management officer to meet expenses incurred by him/her for the purposes of the Company or for the purpose of discharging his/her duties of the Company;
- (3) the Company may provide a loan to or provide a loan guarantee for any director, supervisor, general manager and other senior management officer and his/her associate as the loan and the loan guarantee shall be made on normal commercial terms, where the ordinary course of business of the Company includes the provision of loans and loan guarantees.

Article 168 A loan made by the Company in breach of the preceding Article shall be forthwith repaid by the recipient of the loan regardless of the terms of the loan.

Article 169 A loan guarantee provided by the Company in breach of Article 167(1) shall not be enforceable against the Company unless:

- (1) the lender was not informed when the loan was provided to an associate of a director, supervisor, general manager and other senior management officer of the Company or its parent company;
- (2) any collateral provided by the Company has been lawfully disposed of by the loan provider to a bona fide purchaser.

Article 170 The guarantee referred to in the preceding Articles in this Chapter shall include an undertaking by the guarantor or the provision of assets to secure the performance of obligations by the obligor.

Article 171 In addition to any rights and remedies provided by laws and administrative regulations, where a director, supervisor, general manager and other senior management officer of the Company is in breach of his/her duties owed to the Company, the Company is entitled to take the following measures:

- (1) to request such director, supervisor, general manager and other senior management officer to compensate for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction entered into by the Company with such director, supervisor, general manager and other senior management officer and any contract or transaction entered into by the Company with a third party where such third party knew or should have known the director, supervisor, general manager and other senior management officer acting for the Company is in breach of his/her duties owed to the Company;
- (3) to request such director, supervisor, general manager and other senior management officer to surrender the income received as a result of the breach of duties;
- (4) to recover any monies received by the director, supervisor, general manager and other senior management officer which should have belonged to the Company including (but not limited to) commissions;
- (5) to request such director, supervisor, general manager and other senior management officer to return the interests earned, or which may be earned, on any monies which should have been delivered to the Company.

Article 172 The Company shall enter into written contracts with directors and supervisors on emoluments, which shall first be approved by the shareholders' general meeting. Matters relating to emoluments include:

- (1) emolument in respect of services as a director, supervisor, general manager or othersenior

- management officer of the Company;
- (2) emolument in respect of service as a director, supervisor, general manager or other senior management officer of a subsidiary of the Company;
  - (3) emolument in respect of the provision of others services in connection with the management of the Company and its subsidiary;
  - (4) payment by way of compensation for loss of office or as a consideration for his/her retirement from office.

Except under a contract as aforesaid, no proceedings may be brought by a director or supervisor against the Company for the interests he/she should have received in respect of the above matters

Article 173 In a contract where the emolument of a director or supervisor of the Company is stipulated, the Company shall provide that upon the Company to be taken over, compensations or other payments may be made to the director or the supervisor of the Company by way of compensation for loss of office, or as consideration for his/her retirement from the office, with the prior approval of the shareholders' general meeting. A takeover of the Company referred to in the preceding clause refers to one of the following situations:

- (1) an offer made by anyone to all the shareholders of the Company;
- (2) an offer made by anyone with a view to cause the offeror to become a controlling shareholder. The meaning of the controlling shareholder shall be the same as defined under Article 51 of the Articles of Association.

If the relevant director or supervisor does not comply with the provisions set out in this Article, any sum received by the director or supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the aforesaid offer made; any expenses incurred by him/her in distributing that sum pro rata amongst those persons shall be borne by him/her and not be paid out of that sum.

## **Chapter 16 Financial and Accounting Systems, Profit Distribution and Internal Audit**

Article 174 The Company shall establish its financial and accounting systems in accordance with laws and administrative regulations and the PRC accounting standards formulated by the responsible financial authorities of the State Council.

Article 175 The accounting year shall be from 1 January to 31 December each calendar year.

The Company shall prepare and publish financial reports four times in each financial year:



the quarterly financial reports shall be prepared and published within one month after the conclusion of the first three-month and first nine-month periods of each financial year; the interim financial report shall be prepared and published within two months after the conclusion of the first six-month period of each financial year; and the annual financial report shall be prepared and published within three months after the conclusion of each financial year, all of which shall be reviewed and verified according to the laws.

The aforesaid financial reports should be submitted to the China Securities Regulatory Commission and stock exchanges as required by laws.

Article 176 The board of directors of the Company shall submit to the shareholders at each annual general meeting such financial reports as required by laws, administrative regulations or normative provisions promulgated by local governments and departments in charge, to be prepared by the Company.

Article 177 The Company shall make available the financial reports for inspection by shareholders at the Company twenty days prior to the convening of the annual general meeting. All shareholders of the Company shall have the right to receive the financial reports as referred to in this Chapter.

Article 178 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and the relevant regulations.

Article 179 The financial results or financial statements published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and the relevant regulations.

Article 180 The Company shall not establish any separate accounting ledgers other than the statutory accounting ledgers.

The Company's assets shall not be held under any personal account.

Article 181 In the distribution of profits after tax of a financial year, 10% of the profits shall be allocated to the statutory common reserve. No further allocation to the statutory common reserve is required where such reserve exceeds 50% of the registered capital of the Company.

Where the statutory common reserve is insufficient to make up losses of the previous financial year, the profits of a financial year shall be applied to make up such losses before allocation to the statutory common reserve shall be made in accordance with the preceding clause.

Upon the approval of the shareholders' general meeting, where the Company has made allocation to the statutory common reserve from the profits after tax, the Company may make allocation to the discretionary common reserve.

Any surplus of profits after the Company has made up losses and made allocations to the statutory common reserve will be distributed as dividends to shareholders in proportion to their shareholdings. Shares of the Company held by the Company shall not be involved in the profit distribution.

Where the shareholders' general meeting distributes, in breach of the above clauses, profits to shareholders before the Company has made up losses and made allocations to the statutory common reserve, shareholders shall return such profits distributed in breach of the above clauses to the Company.

Article 182 Capital common reserve includes the following amounts:

- (1) the premiums over the nominal value of the shares issued;
- (2) other income required by the responsible financial authority of the State Council to be included in the capital common reserve.

Article 183 The common reserve of the Company shall only be used for the purposes of making up losses of the Company, expanding production operation of the Company, or for conversion into capital of the Company, but the capital common reserve shall not be used to cover the Company's losses.

The Company may, subject to resolution by the shareholders' general meeting, convert the common reserve into capital by issuing new shares to the shareholders in proportion to their existing shareholdings or increasing the nominal value of each share, provided that when the statutory common reserve is converted into capital of the Company, the remaining such statutory common reserve after such conversion shall be no less than 25% of the registered capital before the conversion.

Article 184 When the Company holds an annual general meeting to review the annual profit distribution plan, it may also consider and approve the conditions for and the proportion cap and amount cap of cash dividends for the interim period of the next year. The dividend cap for the interim period of the next year approved at the annual general meeting shall not exceed the net profit attributable to shareholders of the Company for the corresponding period. The board of directors shall formulate a specific interim dividend plan in accordance with the resolutions of the

general meeting and subject to the conditions of profit distribution.

After the Company's shareholders' general meeting has resolved on the proposal for annual profit distribution of the Company, or after the board of directors of the Company has formulated a specific plan in line with the interim dividend conditions and caps for the next year reviewed and approved at the annual general meeting, the distribution of dividends (or shares) shall be completed within two months.

Article 185 Profit Distribution and Cash Dividends Distribution policies of the Company:

- (1) The profit distribution of the Company should be in accordance with the principles of focusing on the reasonable investment return for the shareholders as well as the reasonable requirement for funds of the Company;
- (2) The Company may distribute dividends in cash or in share, of which priority shall be given to the distribution of dividends by cash distribution;
- (3) The Company should maintain the continuity and stability of the policy on cash dividends. In case of having made profits for a year, the Company shall pay annual cash dividends once every year; If it is not able to pay cash dividends due to special reasons, the Board shall disclose such reasons in the annual report and explain at the general meeting. The Company may distribute the interim cash dividend according to its profitability and capital demand;
- (4) Profits of the Company to be distributed on an annual basis in cash shall not be less than 50 per cent of the realized distributable profits available for that year (in which: the dividend cap for the interim period shall not exceed the net profit attributable to shareholders of the Company in the corresponding period). If such percentage cannot be reached, the Board shall disclose reasons in the annual report and explain at the general meeting;
- (5) According to the actual situation and under the premises to ensure the share capital and shareholding structure is reasonable, the Company may distribute dividends in shares.

Article 186 Dividends are denominated in Renminbi, dividends from Domestic Shares are paid in Renminbi, and dividends from Overseas-Listed Foreign Shares are paid in Renminbi or foreign currencies.

Article 187 The Company shall appoint a receiving agent on behalf of the holders of Overseas-Listed Foreign Shares, to receive, on behalf of such shareholders, dividends distributed and all other monies payable by the Company in respect of the Overseas-Listed Foreign Shares.

The receiving agent appointed by the Company shall comply with the laws of the place where the shares are listed or the requirements of the stock exchange.

The receiving agent appointed by the Company for the shareholders of the Overseas-Listed Foreign Shares listed in Hong Kong shall be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

Article 188 The Company adopts the system of internal auditing and hires professional auditor to undertake internal auditing of the Company's financial income and expenditure and economic activities.

Article 189 The Company's internal auditing system and the duties of the auditor shall be implemented after the same have been approved by the board of directors. The person in charge of auditing shall be accountable to and shall report the auditing work to the board of directors.

## **Chapter 17 Appointment of an Accounting firm**

Article 190 The meaning of “Accounting firm” as referred to in this Article shall be the same as that of “Auditor” of Hong Kong.

Article 191 The Company shall appoint an independent accounting firm, which satisfies the relevant requirements of the PRC, to audit the annual financial report of the Company and review other financial reports of the Company.

The Company's first accounting firm can be appointed by the promotion meeting before the first annual general meeting, and the term of such firm shall cease at the end of the first annual general meeting.

When the promotion meeting does not exercise its powers under the preceding clause, the board of directors will do so on its behalf.

Article 192 The Company shall appoint one or more accounting firm(s) at each annual general meeting. The term of the accounting firm(s) shall begin at the end of the current annual general meeting and until the end of the next annual general meeting.

Article 193 The accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the accounting ledgers, records or evidential documents of the Company from time to time and to request the directors, general manager or other senior management officers of the Company to provide relevant information and explanation;
- (2) to request the Company to take all reasonable measures to obtain the information and explanation from its subsidiaries for the purpose of performing the duties by the accounting firm;
- (3) to attend the shareholders' general meeting, to receive notice of the meeting or other information in relation to the meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting on any part of the business which concerns it as the accounting firm of the Company.

Article 194 If there is a vacancy in the office of the accounting firm, the board of directors shall, before the shareholders' general meeting is held, fill that vacancy by appointing another accounting firm. If the Company has another accounting firm holding the office during the vacancy period, that accounting firm may still act.

Article 195 The accounting firm may be removed by ordinary resolution of the shareholders' general meeting before the expiration of its term of office, notwithstanding the provisions of the contract made between the Company and the accounting firm. Shall the accounting firm is entitled

to sue the Company for compensation for dismissal, such right shall not be affected.

Article 196 The remuneration or the determination of remuneration of the accounting firm shall be decided by the shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be decided by the board of directors.

Article 197 The appointment, dismissal or discontinuation of the employment of the accounting firm shall be decided by the shareholders' general meeting, and it shall be filed with the China Securities Regulatory Commission for its records.

Where a resolution at the shareholders' general meeting is passed to appoint an accounting firm other than an incumbent accounting firm, to fill a casual vacancy in the office of the accounting firm, or re-appoint an accounting firm which was appointed by the board of directors to fill a casual vacancy, or remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) a copy of the proposal shall be sent, before a notice of convening the shareholders' general meeting is given, to the firm proposed for appointment or the firm proposing to leave its post or the firm that has left its post (leaving includes leaving by removal, resignation and retirement);
- (2) if the accounting firm leaving its post makes representations in writing and requests the Company to have such representations to be notified to the shareholders, the Company shall take the following measures, unless the representations are received too late:
  - i. in any notice of the resolution, state the fact of the representations having been made by the accounting firm leaving its post;
  - ii. send a copy of the representations to each shareholder entitled to receive notice of the shareholders' general meeting.
- (3) if the representations of the accounting firm are not given under item (2), the accounting firm may require that the representations to be read out at the shareholders' general meeting and further complaint can be made;
- (4) the accounting firm leaving its post shall be entitled to attend the following meetings:
  - i. the shareholders' general meeting at which its term of office would otherwise have expired;
  - ii. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  - iii. any shareholders' general meeting convened on the resignation of its own accord;

The accounting firm leaving its post shall be entitled to receive all notices of, and other information relating to, any of the above-mentioned meetings, and to be heard at any of the above-

mentioned meetings which it attends on any part of the business which concerns it as the former accounting firm of the Company.

Article 198 Any removal or discontinuation of employment of the accounting firm by the Company shall be notified to the accounting firm in advance. The accounting firm has the right to represent to the shareholders' general meeting. Any accounting firm which resigns of its own accord shall explain in the shareholders' general meeting as to whether there is any irregularity of the Company.

- (1) an accounting firm may resign its office by depositing at the Company's statutory address a notice in writing which shall be deemed as one of the following statements:
  - i. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company;
  - ii. any statement of explaining such circumstances.

Such notice shall be effective on the date on which it is deposited at the Company's statutory office or on such later date as may be specified therein.

- (2) Where a notice under item (1) of this Article is deposited, the Company shall, within 14 days, send a duplicate of the notice to the competent authorities. If the notice contains statements under item (1)(ii) of this Article, a copy of the statement shall be sent to each shareholder who is entitled to receive a financial status report of the Company;
- (3) Where the notice of resignation of the accounting firm contains statements under item (1)(ii) of this Article, it may require the board of directors to convene an extraordinary general meeting for the purpose of hearing an explanation of the circumstances connected with its resignation.

## **Chapter 18 Employment System and Labour Union**

Article 199 The Company shall establish its labour management, wages, welfare and social insurance system under the Chinese laws and regulations and the relevant administrative regulations.

- (1) the Company shall determine the time, conditions, manner and quantity of recruitment according to the relevant national laws and administrative regulations. The Company shall not hire any employee whose previous labour relationship has not been terminated, and it shall not use child labour.
- (2) the Company shall enter into an individual written employment contract with employees, and apply to the local labour administrative department for verification as required.

The labour union may represent workers entering into a collective contract with the Company. Collective contracts shall be filed to the local labour administrative department.

The Company or any employee, who breaks the contract or violates the interests of, and

causes losses to, the other party, shall be liable for damages.

- (3) the Company shall based on its economic efficiency and subject to the relevant administrative regulations be entitled to determine, at its absolute discretion, the wages of all levels of management officers and all classes of employees of the Company.

The minimum wage for employees, within legal working hours, shall not be less than the local minimum wage standard.

- (4) the Company shall contribute to social insurances such as pension, unemployment, medical, work injury and maternity in accordance with the relevant national requirements.
- (5) the Company shall withdraw and use employee housing funds according to the requirements of the local People's Government.

Article 200 Employees of the Company may, subject to laws, establish a labour union, and carry out activities of the labour union and safeguard the legitimate rights and interests of employees. The Company will allocate funds to the labour union according to the relevant provisions of the State, and provide the necessary material conditions including facilities and venues for the working and the activities of the labour union.



## **Chapter 19 Merger and Division of the Company**

Article 201 Where the Company merges or divides, the board of directors shall submit the proposal and, after its approval according to procedures stipulated in the Articles of Association, put forward the examination and approval procedures by laws. Shareholders who oppose the merger or division proposal have the right to request the Company or those shareholders who agree with the merger or division proposal, to acquire their shares at a fair value. The resolution relating to the merger or division of the Company shall be regarded as a specialised document and shall be made available for shareholders' inspection.

Subject to the compliance with the applicable laws, administrative regulations and the listing rules, the Company may publish such document on the website designated by the stock exchange on which the shares of the Company are listed or on the website of the Company, or sent by electronic means, or given in any other means acceptable by the stock exchange on which the shares of the Company are listed.

Article 202 The merger of the Company may take the form of either a merger by absorption or a merger by the establishment of a new company.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days, and shall publish announcements in the newspapers within thirty days, of the date when the resolution to merge is passed.

Upon the merger of the Company, the creditors and liabilities of the parties to the merger shall be assumed by the merged entity or the newly formed company.

Article 203 A creditor has the right within 30 days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts. If the Company fails to repay its debts or to provide a corresponding guarantee, the merger or division shall not be proceeded with.

Article 204 When the Company is divided, its assets shall be split accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days, and shall publish announcements in the newspapers within 30 days, of the date when the resolution to divide is passed.

Debts owed by the Company prior to the division shall be jointly assumed by the companies in existence after the division, save as otherwise agreed by written agreement on settlement of debts

with creditors prior to the division.

Article 205 When the Company merges or divides and there is a change in any registered matter, the Company shall register the change with the company registration authority by laws. When the Company dissolves, the Company shall register the cancellation by laws. When a new company is established, it shall register the establishment by laws.

## **Chapter 20 Dissolution and Liquidation of the Company**

Article 206 The Company will be dissolved for the following reasons:

- (1) the term of business operation as prescribed by the Articles of Association expires or other matters as prescribed by the Articles of Association for dissolution occurs;
- (2) the shareholders' general meeting resolves to dissolve;
- (3) dissolution is necessary as a result of a merger or division of the Company;
- (4) its business license is canceled or it is ordered to close down or to be dissolved according to the laws;
- (5) the Company meets any serious difficulty in its operations or management so that if it continues to exist, the interests of the shareholders will be substantially injured and it cannot be solved by any other means, the shareholders holding more than 10% of all the voting rights may petition to the People's Court to dissolve the Company.

Article 207 Where the Company is to be dissolved pursuant to paragraph (1) of the preceding Article, the Company may continue to exist by amending the Articles of Association.

Where the Company is to be dissolved pursuant to paragraph (2) of the preceding Article, it shall establish a liquidation committee within 15 days. The composition of such liquidation committee shall be determined by the shareholders' general meeting by way of an ordinary resolution.

Where the Company is to be dissolved pursuant to paragraph (3) of the preceding Article, the liquidation shall be conducted by the parties to the merger or division in accordance with the agreement made at the time of the merger or division.

Where the Company is to be dissolved pursuant to paragraph (1), (4) or (5) of the preceding Article, the liquidation committee shall be formed within 15 days from the occurrence of dissolution to commence liquidation. The composition of such liquidation committee shall be determined by the directors or the shareholders' general meeting. If no liquidation committee is formed within the time limit, the creditors may petition to the People's Court to appoint relevant parties to form a liquidation committee to conduct the liquidation.

Article 208 Where the board of directors proposes to liquidate the Company for reasons

other than those of the Company's declaration of insolvency, the board of directors shall, in the notice convening the shareholders' general meeting to consider the proposal, include a statement to state that the board of directors has made a full investigation into the affairs of the Company, and is of the opinion that the Company will be able to fully pay its debts in full within 12 months after the commencement of the liquidation.

The board of directors of the Company shall cease to function once the resolution to liquidate is passed by the shareholders' general meeting.

The liquidation committee shall follow the instructions from the shareholders' general meeting and, not less than once each year, submit a report to the shareholders' general meeting of the receipts and payments of the liquidation committee, the business of the Company and the progress of the liquidation, and shall make a final report to the shareholders' general meeting on completion of the liquidation.

Article 209 The liquidation committee shall notify its creditors within ten days, and shall publish announcements in the newspapers within sixty days, of its establishment. Creditors shall, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee.

In reporting claims, a creditor shall explain the relevant particulars of the claims with supporting materials. Claims shall be registered by the liquidation committee.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 210 During the liquidation period, the liquidation committee shall exercise the following powers:

- (1) to deal with the assets of the Company and prepare a balance sheet and an inventory of assets;
- (2) to notify, and publish announcement to, creditors;
- (3) to deal with and liquidate the relevant outstanding business of the Company;
- (4) to pay outstanding taxes and taxes incurred during the liquidation;
- (5) to deal with debts and liabilities;
- (6) to deal with the residual assets after the Company's debts have been paid;
- (7) to represent the Company in any civil proceedings.

Article 211 Payment of debts shall be made out of the Company's assets in the following order of priority:

- (1) to the costs of liquidation;
- (2) to the payment of salary, expenses for social securities insurance and statutory compensation of the Company's employees;
- (3) to the payment of outstanding taxes;
- (4) to the repayment of the debts of the Company;
- (5) to the distribution to the Company's shareholders according to the proportion of shares held by them respectively.

The Company's assets shall not, before being applied towards payments according to the preceding clauses, be distributed to the shareholders.

Article 212 Members of the liquidation committee shall duly and faithfully fulfill their duties and shall perform their obligations to proceed with liquidation according to laws. They shall not abuse their position and power to accept bribes or other illegal income and shall not expropriate the Company's assets.

If the Company or any creditor suffers losses as the result of the wilful fault or material wrongdoing of any member of the liquidation committee, such member shall be liable to compensate for such loss.

Article 213 After dealing with the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation proposal and present it to the shareholders' general meeting or the relevant authority for confirmation.

Payment of debts out of the Company's assets shall be made in the order of priority prescribed by the Articles of Association or applicable laws and regulations.

Article 214 Where the Company is liquidated upon dissolution, and the liquidation committee, after dealing with the Company's assets and preparing a balance sheet and an inventory of assets, finds out that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court for the declaration of insolvency.

After the Company is declared insolvent by the ruling of the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

Article 215 After the liquidation of the Company is completed, the liquidation committee shall prepare a liquidation report and the income and expenses statements as well as the financial ledgers for the liquidation period and, after verification by registered accountants of the PRC, submit the same to the shareholders' general meeting or the relevant authority for confirmation.

Within 30 days of the date of confirmation by the shareholders' general meeting or the relevant authority, the liquidation committee shall submit the above-mentioned documents to the relevant

company registration authorities for the cancellation of the registration of the Company and publish an announcement declaring that the Company is terminated.

## **Chapter 21 Procedure for Amending the Articles of Association**

Article 216 The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

Article 217 The Company shall amend the Articles of Association on the occurrence of any of the following events:

- (1) the Company Law or the relevant laws or administrative regulations are amended and the Articles of Association are in conflict with the requirements under the amended laws or administrative regulations;
- (2) there is change of the Company's circumstances which makes it not consistent with those recorded in the Articles of Association;
- (3) the shareholders' general meeting has decided to amend the Articles of Association.

Article 218 Amendment of the Articles of Association shall be conducted according to the following procedures:

- (1) the board of directors shall, according to the Articles of Association, submit the proposal to amend the Articles of Association;
- (2) submit the amendment proposal on the Articles of Association to the shareholders' general meeting for approval by special resolution.

Article 219 Amendment made to the Articles of Association concerning registration of the Company shall be registered in accordance with the law.

The board of directors may amend some of the wordings of the Articles of Association pursuant to the resolution of the shareholders' general meeting and the approval opinions of the aforesaid regulatory commission, and handle relevant matters.

Article 220 Where the amendments to the Articles of Association involve the following matters requiring registration, the Company shall register the change by laws and publish an announcement:

- (1) company name;
- (2) company address;
- (3) legal representative of company;
- (4) registered capital;
- (5) nature of enterprise;
- (6) scope of business;
- (7) operating period;

- (8) name or title of promoter.

Article 221 Where the amendments to the Articles of Association do not involve matters requiring registration, the Company shall submit the amended Articles of Association or amendment thereof to the original company registration authority for record.

Any changes to the directors, supervisors and general manager of the Company shall be submitted to the original company registration authority.

## **Chapter 22 Resolution of Disputes**

Article 222 The companies to be listed in Hong Kong shall comply with the following provisions on the resolution of disputes:

- (1) For any disputes or claims of rights arising from the rights or obligations provided by the Articles of Association, the Company Act and other relevant laws and administrative regulations between any holder of Overseas-Listed Foreign Shares and the Company, or between any holder of Overseas-Listed Foreign Shares and a director, supervisor, general manager or other senior management officer of the Company, or between any holder of Overseas-Listed Foreign Shares and any holder of Domestic Shares, such disputes or claims of rights shall be referred to arbitration by the relevant parties.

When the abovementioned disputes or claims of rights are referred to arbitration, they shall constitute all the claims of rights and the entire dispute. All the persons who have the same cause of action or persons who are required to participate in the resolution of such disputes or claims of rights shall abide by the arbitration proceedings if the person is the Company, a shareholder, a director, a supervisor, a general manager or other senior management officer of the Company.

Any disputes in relation to classification of shareholders or the register of shareholders may not be referred to arbitration for resolution.

- (2) The person applying for arbitration may choose to carry out the arbitration either at the China International Economic and Trade Arbitration Commission according to its rules or at the Hong Kong International Arbitration Centre according to its Securities Arbitration Rules. Once the person applying for arbitration refers a dispute or claim of right for arbitration, the other party shall submit to the arbitration body elected by the applicant.

If the person applying for arbitration chooses to carry out the arbitration at the Hong Kong International Arbitration Centre, any of the parties may request for the arbitration to take place in Shenzhen according to the Securities Arbitration Rules of the Hong Kong Arbitration Centre.

- (3) Unless otherwise provided by laws and administrative regulations, for any dispute or claim of right as mentioned in paragraph (1) above which is referred to arbitration, the laws of

the PRC shall apply.

- (4) The decision made by the arbitration body shall be final and conclusive and binding on all parties.

## **Chapter 23    Supplementary**

Article 223 If the Articles of Association are in conflict with the laws, administrative regulations or provisions of other regulatory documents promulgated from time to time, such laws, administrative regulations and provisions of other regulatory documents shall prevail.

Article 224 The expression “general manager” used herein shall be construed as having the same meaning as the expression “manager” used in the Company Law.

Article 225 The Articles of Association are written in Chinese and English. If there is any conflict between the two versions, the Chinese version shall prevail.

Article 226 The expressions of “above/more than”, “within” and “below” shall include the figures mentioned whilst the expressions of “beyond”, “less than” and “more than” shall not include the figures mentioned.”

Article 227 The appendices to the Articles of Association shall include “Order of Meeting for Shareholders’ General Meeting of Maanshan Iron & Steel Company Limited”, “Order of Meeting for the board of directors of Maanshan Iron & Steel Company Limited” and “Order of Meeting for the Supervisory Committee of Maanshan Iron & Steel Company Limited”.

Article 228 The right to interpret the Articles of Association vests with the board of directors of the Company.

Article 229 Where there are provisions by the PRC governing preference shares, such provisions shall prevail.

Article 230 The right to revise the Articles of Association vests with shareholders’ general meeting. Such amendment shall become effective subject to the approval given by the competent authority, if an approval is required.

# **Order of Meeting for Shareholders' General Meeting of Maanshan Iron & Steel Company Limited**

## **Chapter 1     General Provisions**

Article 1 This Order of Meeting is formulated in accordance with “The Company Law of the People’s Republic of China” (referred to as the “Company Law”), “The Securities Law of the People’s Republic of China”, “Rules and Procedures for Shareholders’ General Meeting of Listed Companies”, “Standards for Corporate Governance of Listed Companies” and the relevant laws, administrative regulations as well as the Articles of Association (referred to as “Articles of Association”) of the Maanshan Iron & Steel Company Limited (referred to as the “Company”) to regulate the acts of the Company and to ensure the discharge of duties and powers by the Company’s general meeting in compliance with laws.

Article 2 The board of directors shall strictly comply with all provisions of the Company Law and the other laws and regulations in relation to the convening of shareholders’ general meetings and shall organise the general meetings in a diligent and timely manner. All directors of the Company shall owe fidelity duties in respect of convening of general meetings regularly and no director shall hinder the lawful discharge of duties and powers by the general meetings.

Article 3 Shareholders’ general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six-month following the end of the previous financial year.

Article 4 The secretary to the board of directors shall be responsible for arranging shareholders’ general meetings.



## **Chapter 2      Authority and Delegation of Shareholders' General Meetings**

Article 5 Shareholders' general meeting is the institutional authority of the Company and shall exercise its duties and powers within the scope stipulated in the Company Law without interfering shareholders' disposal of their own rights.

Matters discussed and decided in the general meetings should be complied in accordance with the provisions under the Company Law and the Articles of Association. Discussion can be conducted in the annual general meeting for any matters provided in the Articles of Association.

Article 6 For promoting the efficiency of the Company's operation, the shareholders' general meeting shall authorise and entrust the board of directors to deal with the following matters:

- (1) Within the limit of 10% of the Company's latest audited net assets, to determine matters concerning the Company's external investments, leasing of assets, pledges of assets, entrustments on operations and financial management.
- (2) To authorise the board of directors to determine or deal with matters which are not provided for in the laws, regulations and the Articles of Association if necessary and under reasonable circumstances.

## **Chapter 3      Matters to be Discussed and Proposals in Shareholders' General Meetings**

Article 7 Proposed resolutions for the shareholders' general meetings are specific resolutions focusing on the matters to be discussed in the shareholders' general meetings. Proposed resolution shall be decided in the shareholders' general meeting.

Article 8 The notice issued by the board of directors shall set out the matters to be discussed in that shareholders' general meetings. Full disclosure shall be made in the contents of all resolutions proposed by the board of directors. Proposed resolution for making amendment to the matters involving the resolution passed in the preceding general meeting shall include a full account of the amendments and shall not set out the amended parts only.

The shareholders' general meeting shall not conduct any voting in respect of any matter which is classified under the item of "other businesses" without specifying the content thereof.

Article 9 For shareholders' general meetings, shareholder(s) individually or jointly holding more than 3% (including 3%) of the total voting rights of the Company, the board of directors or the supervisory committee shall have the rights to propose resolution(s) on a provisional basis. If the shareholder(s) individually or jointly holding more than 3% (including 3%) of the total voting rights of the Company shall have the rights to propose resolution(s) on a provisional basis, such shareholder(s) shall submit the proposal in writing to the convenor ten days prior to the date of the shareholders' general meeting. The convener shall examine the proposal and issue a supplementary notice of the shareholders' general meeting within 2 days after receipt of the proposal to announce the content of the provisional proposal.

Save as the preceding clause, the convener shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals after issuing the notice of the shareholders' general meeting.

Proposals that are not specified in the notice of the shareholders' general meeting or not in accordance with the provisions of the Articles of Association of the Company shall not be voted on and resolved by the shareholders' general meeting.

Note: When calculating the percentage of shareholding referred to in this article, only common shares and preference shares with restored voting rights are counted.

Article 10 The provisional proposed resolution as mentioned in the preceding Article shall be made in the form of writing or served on the convenor with a clear subject and specific matter to be decided in the annual general meeting. The board of directors shall act in accordance with the best interests of the Company and the shareholders and shall observe the following principles when examining such proposed resolution:

- (1) Relevance. When examining the proposed resolution submitted by the shareholder, the board of directors shall submit the same for discussion in the shareholders' general meetings if the substance of the proposed resolution involves matters directly related to the Company and is within the scope of power of the shareholders' general meeting prescribed under the laws, regulations and the Articles of Association. If the proposed resolution fails to fulfill the above requirements, it should not be submitted for discussion in general meeting.

In the event that the board of directors resolves not to present the resolution proposed by the shareholder for voting in the annual general meeting, explanations shall be given at that annual general meeting.

- (2) Procedural Compliance. The board of directors may determine in respect of procedural issues involved in the proposed resolution. The consent of the original proposing shareholder shall be required should it be determined that the proposed resolution shall be split or consolidated before being put to a vote. In case the original proposing shareholder does not agree to the change, the chairman of the general meeting may submit the procedural issue to the annual general meeting for determination and conduct discussion according to the procedures determined by the annual general meeting.

Article 11 For proposed resolution involving investments, property disposals, acquisitions and mergers, details including the amount involved, consideration (or its basis of calculation on consideration), carrying value of assets, influence to the Company and examination and approval process shall be clearly set out. In case of asset valuation, auditing or issuance of independent financial consultant reports are required pursuant to the relevant regulations, the board of directors shall announce the asset valuation, results of auditing or the independent financial consultant report at least five working days prior to the general meetings.

Article 12 If a proposed resolution is made by the board of directors to change the use of proceeds raised in share subscription, reasons for changing the use of funds raised, description of the new project and future influence to the Company shall be elaborated in the notice of general meeting.

Article 13 Matter involving the issuance of shares to the public which requires submission to the China Securities Regulatory Commission for approval shall be submitted as special proposed resolution.

Article 14 After the annual report is reviewed and approved by the board of directors, determination regarding the profit distribution plan should be made as proposed resolution to the annual general meetings. The board of directors proposing a plan for the increase in share capital through the capitalization of public reserve funds should specify the reasons for such transfer and increase and to have it disclosed in an announcement. When announcing the distribution of shares or the increase in share capital through the capitalization of public reserve funds, the relative earnings per share and net asset value per share before and after transfer and its impact on the Company's future development should be disclosed.

Article 15 The board of directors shall propose the appointment of accounting firm, which shall be decided in the shareholders' general meeting. If the board of directors proposes to remove

or non-renewal of services of an accounting firm, the firm shall be notified in advance and reason(s) for such proposed resolution shall be elaborated in the general meeting. The accounting firm has the rights to state their opinion in the general meeting.

If the board of directors removes an accounting firm during the interval of two shareholders' general meetings for proper reason, another accounting firm can be appointed on a provisional basis and retrospective approval must be sought in the next shareholders' general meeting.

In case of resignation of an accounting firm, the board of directors shall elaborate thereason(s) in the next general meeting. The resigned accounting firm is under a duty to state whether the Company has acted improperly in a written form or by attending in person in the general meeting.

## **Chapter 4      Procedures for Convening Shareholders' General Meetings**

### **Section 1 Notice of Meeting and Alterations**

Article 16 When the Company convenes an annual general meeting, it shall at least 20 clear business days prior to the date of the meeting issue written notice. When the Company convenes an extraordinary general meeting, it shall issue written notice at least 10 clear business days or 15 days (whichever is longer as required or applicable under relevant laws and regulations or listing rules) prior to the date of the meeting.

Notice of a shareholders' general meeting shall be given to shareholders by way of an announcement. For holders of Overseas-Listed Foreign Shares, subject to the compliance with the applicable laws, regulations and the Listing Rules by the Company, such notice may be published on the website designated by the stock exchange on which the shares of the Company are listed or on the website of the Company, or sent by electronic means, or given in any other means acceptable by the stock exchange on which the shares of the Company are listed.

Article 17 A notice of shareholders' general meeting shall comply with the following requirements:

- (1) be in writing;
- (2) specify the place, date and time for meeting;
- (3) set out matters to be discussed in the meeting;
- (4) provide necessary information and explanation for shareholders to exercise an informed judgment on the matters for discussion. This shall include (but not limited to) where a proposal is made for merger, repurchase of shares, reorganising share capital or restructuring in any other way, the terms of the proposed transaction be provided in details together with the proposed contract (if any) and reason(s) for and consequence(s) of such proposals should be properly explained;

- (5) contain a disclosure of the nature and extent, if any, of material interests of any director, supervisor, general manager and other senior management officers in the matters for discussion and effect(s) of such matters 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) contain the full text of any special resolutions proposed to be decided in general meeting;
- (7) contain a statement conspicuously stating that a shareholder entitled to attend and vote at general meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy needs not be a shareholder;
- (8) state the time and the address to which the relevant instrument appointing the proxies for the meeting is to be delivered;
- (9) specify the shareholding registration date for shareholders entitled to attend the shareholders' general meetings;
- (10) state the name and telephone number of a contact person for matters relating to the shareholders' general meeting

Article 18 If the matters regarding the election of the directors and supervisors are intended to be discussed in the shareholders' general meeting, notice of the shareholders' general meeting shall fully disclose the detailed information of the candidates for the directors and supervisors, at least including the following contents:

- (1) personal information such as academic background, work experience and part-time job;
- (2) whether or not has connected relationship with the Company or its controlling shareholder and the de facto controller;
- (3) number of shares held in the Company;
- (4) whether or not has been penalised by the China Securities Regulatory Commission and other relevant authorities and disciplined by the stock exchange.

Article 19 After the board of directors issues a notice of shareholders' general meeting, such meeting shall not be postponed without a proper reason. In case of special reason(s) leading to a postponement of general meeting, a notice for postponement of general meeting has to be issued at least five working days prior to the original date of the meeting. The board of directors shall state the reason(s) for such delay and the date of the adjourned meeting in the postponement notice.

Notwithstanding any postponement of general meeting, the shareholding registration date for shareholders entitled to attend the general meeting shall not be altered.

Article 20 Accidental omissions to give notice of general meeting to or the non-receipt of notice of general meeting by any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

## **Section 2 Registration for Meetings**

Article 21 A shareholder may attend the general meeting in person or appoint one or more other persons (who need not be a shareholder) as his/her proxy to attend and vote on his/her behalf. Pursuant to authorisation by that shareholder, a proxy so appointed shall enjoy the right to speak at the meeting.

In respect of a shareholder who holds Overseas-Listed Foreign Shares which are issued by the Company and listed in Hong Kong, if such shareholder is a recognised clearing house as defined under the “Securities and Futures Ordinance” of Hong Kong, such shareholder or its nominee may authorise one or more person(s) as its representative to attend and vote at shareholders’ general meeting; however, if more than one person are so authorised, the power of attorney shall clearly indicate the number and types of the shares involved by way of the authorisation. The person(s) so authorised may exercise the said powers without the need to present any shareholding supporting document or to have the power of attorney notarized, as if they were the individual shareholders of the Company.

Article 22 The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a legal person, it shall be under the seal of the Company or under the hand of a director or an attorney duly authorised.

Article 23 A shareholder attending the meeting in person shall produce his/her own identity document or other valid document or certificate that can prove his identity. A shareholder of Domestic shares should also present his stock account card and in case that a proxy is entrusted to attend the meeting, the proxy shall produce his identity document and the shareholder’s authorised proxy document.

A corporate shareholder shall appoint its legal representative or a proxy appointed by its legal representative to attend the meeting. The legal representative attending the meeting shall produce his/her identity document, and valid proofs on his/her qualification as the legal representative. A proxy appointed to attend the meeting shall produce his/her identity document and an authorisation document issued by the legal representative of such corporate shareholder in writing.

Article 24 The instrument appointing a proxy shall be deposited at the address of the Company or at some other places specified for the purpose in the notice of general meeting not less than 24 hours before the time for convening the general meeting at which the proxy is authorised to vote or 24 hours before the time specified for the voting. Unless otherwise specified in this Order of Meeting, where such an instrument appointing a proxy is signed by a person under a power of attorney on behalf of the appointor, that power of attorney authorising the signature or other authorisation documents shall be notarially certified. The notarially certified copy of the power of

attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the Company's address or such other place as specified for the purpose in the notice of general meeting.

For a corporate shareholder, its legal representative or person authorised by the way of a resolution of the board of directors or other decision-making authorities shall attend the general meeting of the Company on its behalf.

Article 25 Any proxy form issued by the board of directors to a shareholder for use by him for appointing a proxy to attend and vote at a general meeting shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution to be decided in the meeting. Such a form should state: that in default of instructions the proxy may vote at he thinks fit; whether or not the proxy has voting rights in respect of any provisionary proposed resolution which be included in the agenda for general meeting and if the proxy has voting rights in respect thereof, specific instructions as to the type of voting rights to be exercised.

Article 26 An attendance register for persons attending the general meeting shall be prepared by the Company and it should contain the names of persons (or legal persons) attending the general meeting, respective identity document numbers, residential addresses, numbers of shares with voting rights held or represented, names of the appointors (or legal persons), etc.

Article 27 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the vote was given or the shares in respect of which the vote was given have been transferred, provided that no notice in writing of the aforesaid matters shall have been received by the Company before the commencement of the general meeting at which the proxy is used.

### **Section 3 Convening of Meetings**

Article 28 The Company shall hold shareholders' general meetings at its place of domicile or other place as designated by the Board. A venue shall be designated for a shareholders' general meeting and be convened by way of an onsite meeting. Apart from onsite meetings, shareholders who attend the meeting in the manner as prescribed by the Articles of Association or by this Order shall be deemed as present.

Article 29 The chairman of the board of directors shall chair every shareholders' general meeting. If the chairman is unable to or does not perform his/her duties, the vice chairman of the board of directors shall and chair the meeting. If the vice chairman of the board of directors is unable to or does not perform his/her duties, a director jointly elected by more than half of the number of

directors shall and chair the meeting. If more than half of the number of directors are unable to elect a director to chair the meeting, then shareholders present at the meeting may elect one person to act as the chairman of the meeting. If for any reason the shareholders cannot elect a chairperson, the shareholder (including proxy) holding the largest number of shares with voting rights at the meeting shall act as the chairperson. The shareholders' general meeting shall be presided over by the chairman of the meeting.

A shareholders' general meeting convened by the supervisory committee on their own shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or does not perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall preside over the said meeting.

Where the shareholders' general meeting is convened by the shareholders on their own, the convener shall elect a representative to preside over the meeting.

When convening a shareholders' general meeting, should the chairman of the meeting violates the rules and procedures, resulting that the shareholders' general meeting becomes unable to proceed, a person may, subject to the consent of more than half of the number of shareholders with voting rights attending the meeting at the scene, be elected at the shareholders' general meeting to preside over the shareholders' general meeting such that the meeting may be continued.

Article 30 Without consent of the meeting's chairperson, a shareholder shall not speak more than two times in the meeting with the first time not exceeding five minutes and the second time not exceeding three minutes.

A shareholder shall not make his request to speak by interrupting any reports made to the meeting or speeches by other shareholders.

Article 31 Aside from matters involving the Company's trade secrets which cannot be revealed in the general meeting, the board of directors and the supervisory committee shall reply and elaborate on shareholders' queries and suggestions.

Article 32 During the general meeting, trading of the shares of the Company shall be suspended. The Company's board of directors shall ensure continuation of the meeting in reasonable working hours until final resolution is made. In case of force majeure or other abnormalities resulting in failure in convening a general meeting or the passing of resolution, the Company's board of directors shall state the reason to the stock exchange and make relevant announcements. The Company's board of directors is obliged to take necessary measures to convene another general meeting as soon as practicable.

Article 33 The Company's board of directors and the supervisory committee shall take



necessary measures to ensure that the general meeting is conducted seriously and is in compliance with regular procedures. Apart from the attendance of shareholders (or their proxies), directors, supervisors, secretary to the board of directors, senior management officers, solicitors appointed and persons invited by the board of directors to attend the meeting, the Company has the legal rights to refuse attendance by other persons. For actions interfering with the discipline of the general meeting, challenging, disturbing and contravening the legitimate rights of other shareholders, the Company shall take measures to control and report to the relevant authorities for investigation and punishment forthwith.

Article 34 The convening of the Company's shareholders' general meetings shall observe the principle of simplicity without extravagance. No extra financial benefits shall be given to shareholders (or their proxies) attending the meeting.

#### **Section 4 Voting and Resolutions**

Article 35 Resolutions of a general meeting are classified as ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by affirmative votes of more than half of the total voting rights of shareholders (including their proxies) present at the meeting.

A special resolution of a general meeting shall be passed by affirmative votes of more than two-thirds of the total voting rights of shareholders (including their proxies) present at the meeting.

Article 36 Where the Company repurchases its ordinary shares for the public issuance of preference shares for the purpose of reducing its registered capital, and repurchases its ordinary shares from specific shareholders of the Company by consideration of a non-public issuance of preference shares, the resolution regarding the repurchase of ordinary shares in a shareholders' general meeting shall be passed by more than two thirds of the voting rights of the holders of ordinary shares present at the shareholders' general meeting (including the holders of preference shares with restored voting rights).

Article 37 Resolutions shall be decided on a poll in shareholders' general meetings. Shareholders (including their proxies) shall exercise their voting rights in accordance with the number of shareholding rights they represent. Each share carries the right to one vote.

Where major matters affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be made open and disclosed timely.

Subject to the legality and validity of the shareholders' general meeting, and in accordance with the laws, administrative regulations, the provisions of the China Securities Regulatory Commission or the Articles of Association, the Company may adopt various methods and means, including the

provision of a voting platform on Internet for the shareholders of Domestic Shares if technically practicable, and making it convenient for shareholders to participate in the shareholders' general meeting.

The Company's controlling shareholders and de facto controller shall not restrict or obstruct small and medium investors from exercising their voting rights legally, and shall not damage lawful rights and interests of the Company and small and medium investors.

Article 38 In the event that two or more than two directors (including independent directors) or supervisors (supervisors not being by staff representatives) are to be elected, the cumulative voting system should be adopted, and voting for independent directors should be separately from the other members of the board of directors.

Each share, which carries voting rights, shall entitle to such vote(s) as equivalent to the total number of the directors and supervisors to be elected. Shareholders are free to allocate their votes among the candidates for election as directors and supervisors. They may either cast their votes for several candidates separately, or cast their votes for one candidate. According to the chronological order of votes for each of the candidates for election as directors and supervisors and the number of directors and supervisors to be elected, the candidates who have the highest votes shall be elected.

Article 39 Shareholders (including their proxies) present at the shareholders' general meeting shall indicate clearly whether they are in favor of or against each of the matter to be voted. Other votes shall not be counted as valid votes by the Company when determining the voting result in relation to the relevant matters.

Where a shareholder is required to abstain from voting on a particular matter or is restricted to vote only in favour of or only against a resolution pursuant to the relevant provisions, any vote of such shareholder or his proxy contrary to that provision shall be deemed by the Company as void.

Article 40 Where a connected transaction is being considered in a shareholders' general meeting, 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 results of shareholders (other than the connected shareholders) shall be fully disclosed in an announcement in relation to the resolution passed at the shareholders' general meeting.

If in exceptional circumstances, the connected shareholders are unable to abstain from voting, the Company may, upon obtaining the prior consent by the competent department, conducts the voting according to normal procedures. Detailed explanation shall be given in the announcement in relation to the resolution passed at the shareholders' general meeting.

Article 41 Upon reviewing the proposed resolution whether to provide guarantee to a

shareholder or the de facto controller(s) and their connected parties in the shareholders' general meeting, such shareholder or the shareholder(s) controlled by such de facto controller(s) are not permitted to participate in the voting thereof. The resolution must be passed by at least half of the other shareholders attending the shareholders' general meeting with voting rights.

Article 42 When a matter regarding the distribution of profits of the Company, especially profits distribution by cash dividends distribution, or a matter regarding the adjustment of an established profit distribution policy, especially a cash dividend policy, is being considered at a general meeting of shareholders, the Board should report a resolution as well as the reason of the arrangement first, then vote on the related resolution.

Article 43 When a poll is taken, it is not necessary for a shareholder (including a proxy) entitled to two or more votes to cast all his votes all for or against any resolution.

Article 44 In the case of an equality of votes, the meeting chairperson shall be entitled to an additional casting vote.

Article 45 Each of the resolutions passed in the shareholders' general meeting shall comply with the requirements of the laws, administrative regulations and the Articles of Association. Directors attending the meeting shall perform their duties in good faith and ensure the contents of those resolutions are true, accurate and complete, and shall not make any statement which is vulnerable to misrepresentation.

In the event that any resolution passed in the shareholders' general meeting is in breach of the laws, administrative regulations, or contravening the shareholders' lawful rights and interests, shareholders shall be entitled to initiate civil actions to the People's Court.

Article 46 The following matters shall be passed by ordinary resolutions in shareholders' general meetings:

- (1) Work reports of the board of directors and the supervisory committee;
- (2) Proposals formulated by the board of directors for distribution of profits and for making up of losses;
- (3) Election and replacement of members of the board of directors and the supervisory committee (that are not staff representatives), their remuneration and methods of payment;

- (4) Annual financial budget, final accounts, balance sheets, profit and loss statement and other financial statements of the Company;
- (5) The appointment, removal or non-renewal of services of the accounting firm;
- (6) Other matters not required by the laws, administrative regulations or the Articles of Association to be adopted by way of special resolution.

Article 47 The following matters shall be passed by way of special resolutions in shareholders' general meetings:

- (1) Increase or reduction of share capital and issuance of shares of any class; warrants, and other similar securities of the Company;
- (2) Issuance of debentures of the Company;
- (3) Division, merger, dissolution, liquidation and alteration of the nature of the Company;
- (4) Amendment to the Articles of Association;
- (5) The amount of the Company's purchases, sales or significant assets or guarantees within a single year exceeds 30% of the Company's latest audited total assets;
- (6) Stock options incentive scheme;
- (7) Contracts entered into between the Company and a party (other than a director, supervisor, the general manager and other senior management officers) in relation to vesting responsibilities for the administration of all businesses or the important businesses of the Company to that party;
- (8) Adjustment to the profit distribution policy of the Company, especially the cash dividend distribution policy;
- (9) Other matters which, as stipulated by the laws, administrative regulations or the Articles of Association and according to an ordinary resolution of the shareholders' general meeting, may have significant impact on the Company and require adoption by way of special resolution.

Article 48 In annual general meetings, the board of directors shall report on the implementation progress since the previous annual general meeting in respect of every matter required by the resolution of the shareholders' general meeting to be carried out by the board of directors. Also, each independent director shall give a work report and the report shall be disclosed no later than the issuance of the notice of annual general meeting of the Company.

Article 49 In annual general meeting, the supervisory committee shall announce its special supervisory report of the Company in the previous year, with the following details:

- (1) Inspection of the financial position of the Company;
- (2) Review of the directors and senior management officers in performing their respective duties for the Company, and application of the laws, regulations, the Articles of

Association and the implementation of general meetings' resolutions;

- (3) Other significant events that in the opinion of the supervisory committee shall be reported to the general meeting.

The supervisory committee may also provide opinion and independent report concerning the proposed resolution to be decided in the general meeting when necessary.

Article 50 In the event a certified public accountant provides an auditor's report with explanatory notes, qualified opinion, disclaimer of opinion or adverse opinion, the Company's board of directors shall elaborate on the relevant issues leading to the above opinions and their impact on the financial position and operating conditions of the Company in the general meeting. If these issues have direct impact on the profit for the current period, the Company's board of directors shall determine in accordance with the principle of adopting the lower amount for the profit distribution proposal or the increase in share capital through the capitalisation of public reserve funds.

Article 51 Except for the cumulative voting system, each of the proposed resolutions shall be decided by voting in the shareholders' general meeting in sequence. Should there be more than one resolution on the same issue, the voting shall be conducted according to the chronology of the resolutions proposed. No proposed resolution shall be set aside or remained undecided unless the shareholders' general meeting is terminated or resolutions cannot be made due to exceptional reasons, including force majeure.

The shareholders' general meeting shall resolve each of the following matters when considering the issuance of preference shares:

- (1) Type and number of preference shares to be issued;
- (2) Method of issuance, issuance target and placing arrangement for original shareholders;
- (3) Nominal value, issuance price or pricing range and principles for price determination;
- (4) Methods of participation in profit distributions by holders of preference shares, including the yield rate and its determining principles, conditions for dividend distributions, methods of dividend payments, dividend accumulation and participation in distribution of surplus profits;
- (5) Terms of repurchase, including conditions, periods, price and its determining principles and entities entitled to exercise the options for repurchase (if any);
- (6) Use of proceeds;
- (7) Conditional share purchase agreements signed by the Company and the issuance target;
- (8) Expiry dates of resolutions;
- (9) Proposed amendments to provisions of the Articles of Association in relation to the profit distribution policy concerning holders of preference shares as well as holders of ordinary shares;

- (10) Authorizations to the Board for the completion of specific matters related to the proposed issuance;
- (11) Other matters.

Article 52 When the proposed resolutions to elect directors and supervisors are considered in the general meeting, voting shall be done on each of the candidates for election as director and supervisor. When the resolutions to re-elect directors and supervisors are passed, newly elected directors and supervisors shall assume office according to the resolutions of the shareholders' general meeting.

Article 53 The meeting chairperson shall announce whether a resolution has been passed in according with the voting results, and it shall be recorded in the minutes book as conclusive evidence.

Minutes shall be prepared to record decisions made in respect of matters discussed in the shareholders' general meetings and duly signed by directors, supervisors, the secretary to the board of directors, the convenor or his/her proxy and the meeting chairperson attending the meeting.

Article 54 Where the meeting chairperson has doubts about the results of the resolution tabled for voting, he may count the number of votes cast. If no counting is made by the meeting chairperson, any shareholder or his proxy attending the meeting, who queries the results as announced by the meeting chairperson, have the right to immediately demand a counting of the votes. The meeting chairperson shall forthwith conduct such counting of the votes.

Article 55 Should the counting of votes is conducted in the shareholders' general meeting, the results shall be recorded in the minutes book.

The minutes and the signed attendance record of those shareholders attending the meeting, the proxy forms and other valid information regarding the poll results through online system and other methods shall be retained together for a period of not less than ten years.

Article 56 When considering a proposal set out in the notice of a general meeting, no amendments shall be made thereto; any change made thereto shall be considered as a newly proposed resolution, of which the voting shall not proceed at such meeting.

Article 57 Domestic lawyers that are instructed by the board of directors shall give their opinions on the following:

- (1) To confirm whether the convening of the shareholders' general meeting and the convening procedures are in compliance with the laws and regulations as well as the Articles of

Association;

- (2) To verify the qualification of the parties attending the general meeting are legally valid;
- (3) To verify the qualification of shareholders who propose new resolution in the annual general meeting;
- (4) To confirm the voting procedures in the shareholders' general meeting are legally valid;
- (5) To provide legal opinion addressing on other matters as requested by the Company.

### **Section 5 Post-meeting Events and Announcements**

Article 58 The secretary of the board of directors shall submit the relevant materials including minutes of the meeting to the relevant regulatory authorities and make announcement on designated media in accordance with the relevant laws, administrative regulations and regulatory documents. An announcement in respect of the resolutions of general meetings shall be made in accordance with the requirements set out in relevant laws, administrative regulations and regulatory documents.

Article 59 After the profit distribution plan and proposal for the increase in share capital through the capitalization of public reserve funds are approved by shareholders in shareholders' general meeting, the board of directors of the Company shall complete the distribution (or transfer and increase) of dividends (or shares) within two months after the general meeting.

### **Chapter 5 Special Procedures for Convening Extraordinary General Meetings as requested by the Shareholders, Independent Directors or Supervisory committee**

Article 60 The board of directors should convene the shareholders' general meeting within the time limit as set out in Article 3 of this Order of Meeting.

Article 61 Upon the consent of more than half of independent directors, independent directors shall have the right to propose to the board of directors for convening an extraordinary general meeting. Pursuant to the stipulation under the laws, administrative regulations and the Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove the convening of the extraordinary general meeting within ten days after the receipt of the resolution proposed.

If the board of directors agrees to convene the extraordinary general meeting, a notice for convening the shareholders' general meeting shall be issued within five days after the resolution has been made by the board of directors; an announcement with relevant explanation shall be made if the board of directors does not agree to convene the extraordinary general meeting.

Article 62 The supervisory committee shall have the right to propose to the board of directors

for convening an extraordinary general meeting and should propose to the board of directors in writing. Pursuant to the stipulation under the laws, administrative regulations and the Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove the convening of the extraordinary general meeting within ten days after the receipt of the resolution proposed.

If the board of directors agrees to convene the extraordinary general meeting, a notice for convening the extraordinary general meeting shall be issued within five days after the resolution has been made by the board of the directors. Consent of the supervisory committee has to be obtained for making any alteration on the original proposed resolution in the notice.

If the board of directors does not agree to convene the extraordinary general meeting, or no feedback is given within ten days after receiving the request, it will be deemed that the board of directors is unable to fulfill or fails to fulfill its responsibility to convene the shareholders' general meeting, the supervisory committee hereby can convene and preside over the meeting by itself.

Article 63 The shareholder(s) individually or jointly holding more than 10% of the shares in the Company has/have the right to request the board of directors to convene the extraordinary general meeting and should propose to the board of directors in writing. Pursuant to the stipulation under the laws, administrative regulations and the Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove the convening of the extraordinary general meeting within ten days after receiving the request.

If the board of directors agrees to convene the extraordinary general meeting, a notice for convening the extraordinary general meeting shall be issued within five days after the resolution has been made by the board of the directors. Consent has to be obtained from the relevant shareholder(s) for making any alteration on the original request in the notice.

If the board of directors does not agree to convene the extraordinary general meeting, or no feedback is given within ten days after receiving the request, it will be deemed that the board of directors will not convene and preside over the shareholders' general meeting. The shareholder(s) individually or jointly holding more than 10% of the shares in the Company have the right to convene the extraordinary general meeting by themselves within three months after the board of directors has received the request.

Article 64 If the supervisory committee or the shareholders decides/decide to convene the shareholders' general meeting by itself/themselves, a written notice shall be given to the board of directors and in the meantime report shall be made to the local representative office of the China Securities Regulatory Commission and the stock exchange for record.

Prior to the announcement of the resolution proposed to the shareholders' general meeting, the proportion of shares held by the convening shareholder(s) shall not be less than 10%.



The convening shareholder(s) shall submit the relevant documents to the local representative office of the China Securities Regulatory Commission and the stock exchange before issuing the notice for convening of the shareholders' general meeting and the announcement on resolution proposed to the shareholders' general meeting.

Article 65 The board of directors and the secretary to the board of directors should accommodate to the shareholders' general meeting convened by the supervisory committee or the shareholders. The board of directors shall provide the list of the shareholders on the record day. If the board of directors does not provide the register of shareholders, the convenor can apply for obtaining from the authority of securities registration and clearing by presenting the relevant announcement on the convening of the shareholders' general meeting. The register of shareholders obtained by the convenor shall not be used for other purposes except for convening the shareholders' general meeting.

Article 66 The expenses necessarily incurred for the shareholders' general meeting convened by the supervisory committee or the shareholders shall be borne by the Company.

## **Chapter 6      Supplementary Provisions**

Article 67 In the event there is a dispute over the validity of the convening or holding of the shareholders' general meetings, voting procedures and voting methods, and the dispute cannot be settled through conciliation, the relevant parties (as shareholders) may initiate legal actions to the People's Court within 60 days after the resolution is made, to apply for revocation by the People's Court. Holders of Overseas-Listed Foreign Shares can resolve the dispute according to the relevant provisions set out in the Articles of Association.

Article 68 The expressions of "above/more than" and "within" shall include the figures mentioned whilst the expressions of "over", "less than" and "more than" shall not include the figures mentioned.

Article 69 Matters that are not covered in this Order of Meeting shall be implemented by the relevant provisions set out in the relevant laws of the State, administrative regulations and related regulatory documents issued by the regulatory authorities, and the relevant regulations under the Articles of Association.

Article 70 In the event of any conflict between this Order of Meeting and the relevant provisions of the laws, administrative regulations and related regulatory documents issued by the regulatory authorities and the Articles of Association promulgated or amended by the State from time to time,

the relevant provisions of the laws, administrative regulations and relevant regulatory documents issued by the regulatory authorities and the Articles of Association shall prevail.

Article 71 Amendments to this Order of Meeting shall be proposed by the board of directors and the proposed resolution shall be decided in the general meeting.

Article 72 The authority for interpretation of this Order of Meeting shall be vested in the Company's board of directors.

Article 73 This Order of Meeting shall become effective from the date of approval in the general meeting.

# **Order of Meeting for the Board of directors of Maanshan Iron & Steel Company Limited**

## **Chapter 1 General Provisions**

Article 1 In order to further standardize the proceedings of and decision-making by the Board of Directors of Maanshan Iron and Steel Co., Ltd. (hereinafter referred to as the "Company" or "the Company"), facilitate the directors and the Board of Directors to perform their duties more effectively and to improve the standard operation of the Board of Directors and the level of scientific decision making, these Rules are hereby formulated in accordance with the Company Law, the Securities Law, the Guidelines for the Governance of Listed Companies, the Listing Rules of the company's stock listing exchange, the Articles of Association of the company and other regulations.

Article 2 The Company's major decisions are made by the General Meeting and the Board of Directors in compliance with relevant laws and regulations and the Company's Articles of Association. The Board of Directors is responsible for the General Meeting, and the General Manager is responsible for the Board of Directors.

## **Chapter 2      Obligations of the Board of Directors**

Article 3      The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) To be responsible for convening shareholders' general meeting and to report its work in general meeting;
- (2) To implement resolution(s) passed in general meeting;
- (3) To determine annual business plan and material investment proposal of the Company;
- (4) To formulate annual financial budget and final accounts of the Company;
- (5) To formulate profit distribution proposals and proposals for making up losses of the Company;
- (6) To formulate proposals for the increase or reduction of the registered capital of the Company and the issuance of debentures or other securities and the listing thereof;
- (7) To formulate proposals on the Company's substantial acquisition or sale, repurchase of the Company's shares or merger, division, dissolution or alteration of the nature of the Company;
- (8) To determine external investments, acquisition or sale of assets, pledges of assets, entrustments on financial management and connected transactions within the scope of authorisation granted by the shareholders' general meeting;
- (9) To determine the establishment of the Company's internal control organisation;
- (10) To appoint or dismiss the Company's general manager and to appoint or dismiss the deputy manager and the financial officer(s) and other senior management officers based on the recommendations of the general manager, and to determine their remuneration;
- (11) To formulate the Company's basic management system;
- (12) To formulate proposals for any amendment of the Articles;
- (13) To exercise the Company's rights to make significant borrowing within the Company's annual financial budget;
- (14) To determine the establishment of special committee of the board of directors and the appointment and removal of the relevant person-in-charge;
- (15) To appoint and remove the secretary to the board of directors;
- (16) To manage matters relating to the Company's disclosure of information;
- (17) To propose in general meeting to re-appoint or replace the accounting firm which undertakes auditing work for the Company;
- (18) To be informed of the work report submitted by the Company's general manager and to examine the work of the general manager;
- (19) To be responsible for the construction of legal and compliance management issues of the Company;

(20) To perform other duties authorized by the shareholders' general meeting and the Company's Articles;

(21) To decide on other major business matters and administrative matters that are not required by the Articles of Association or the relevant laws, regulations, departmental rules to be decided by the shareholders' general meeting.

Article 4 In accordance with the provisions of Article 53 of the Articles of Association, subject to the applicable laws and regulations and the listing rules of the company's stock listing exchange, the General Meeting authorizes or entrusts the Board of Directors to determine the company's external assets investment, asset leasing, asset mortgage, commissioned operations, entrusted financing and others within 10% of the company's recently audited net assets.

Article 5 Where there is a disposition of fixed assets by the Board of Directors and the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of fixed assets made in the four months immediately preceding the proposed disposition exceeds 33% of the value of the fixed assets as shown in the latest balance sheet considered at the shareholders' general meeting, the Board of Directors shall not dispose or agree to dispose the fixed assets without the prior approval of shareholders' general meeting.

In this Article, disposition of fixed assets includes an act involving transfer of an interest in property other than by way of providing guarantee.

Article 6 The Board of Directors shall be responsible for:

- (1) Formulating and reviewing the company's corporate governance policies and practices;
- (2) Reviewing and monitoring the training and sustained professional development of the directors and senior managers;
- (3) Continuously supervising the company's risk management and internal control systems;
- (4) Reviewing and monitoring the company's policies and practices in respect of compliance with laws and regulatory requirements;
- (5) Reviewing of the company's compliance with the Corporate Governance Code.

### **Chapter 3 Powers of the Chairman**

Article 7 The chairman of the board of directors shall exercise the following duties and powers:

- (1) To preside at the general meeting, and to convene and preside at the meeting of the board of directors;
- (2) To examine the implementation of resolution passed in the board of directors' meeting;
- (3) To sign on the securities issued by the Company and other important documents;

- (4) To exercise other duties designated by the Articles of Association and the board of directors;
- (5) To exercise the functions and powers of a legal representative.

The board of directors authorises the chairman to exercise the following duties and powers:

- (1) To convene the shareholders' general meeting;
- (2) To provide guidance to significant business activities of the Company during the intervals of board of directors' meetings;
- (3) To exercise special powers of discretion and disposal in respect of corporate matters, in cases of emergency such as wars, natural calamities in massive scale or other force majeure, provided that such discretion and disposal must be conducive to the interests of the Company and that a written report shall be furnished to the board of directors as soon as it is practicable after exercising such powers.

The vice chairman of the board of directors shall assist the chairman of the board of directors with fulfilling his/her duties. Should the chairman of the board of directors be unable to perform or fail to perform his/her duties, the vice chairman of the board of directors shall perform the said duties. Should the vice chairman of the board of directors be unable to perform or fail to perform his/her duties, a director jointly elected by more than half of the number of Directors shall perform the said duties.

## **Chapter 4 Special Powers of Independent Directors**

Article 8 In addition to the powers endowed by the Company Law and other laws and regulations and the Articles of Association, independent directors also have the following special powers:

- (1) To independently appoint intermediary institutions to audit, consult or verify specific matters concerning the Company;
- (2) To propose to the board of directors to convene an extraordinary general meeting;
- (3) To propose the convening of a board meeting;
- (4) To solicit shareholders' rights from shareholders in a public manner according to laws;
- (5) To express independent opinions on matters that may damage the interests of the Company or minority shareholders;
- (6) Other powers as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and the Articles of Association.

The exercise of the functions and powers listed in items 1 to 3 of the preceding paragraph by an independent director(s) shall be subject to the consent of a majority of all independent directors.

Where an independent director exercises his/her functions and powers under the first paragraph, the Company shall make timely disclosure. Where the above functions and powers

cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

Article 9 The Company shall hold regular or irregular meetings attended by all independent directors (hereinafter referred to as the “Special Meeting(s) of Independent Directors”). Matters below shall be considered at a Special Meeting of Independent Directors:

- (1) To independently appoint intermediary institutions to audit, consult or verify specific matters concerning the Company;
- (2) To propose to the board of directors to convene an extraordinary general meeting;
- (3) To propose the convening of a board meeting;
- (4) Related party transactions to be disclosed;
- (5) The plan for the change or waiver of undertakings by the Company and related parties;
- (6) The decisions made and measures taken by the board of directors of the acquired company in respect of the acquisition;
- (7) Other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and the Articles of Association.

The Special Meetings of Independent Directors may study and discuss other matters of the Company as needed.

The Company shall provide convenience and support for the convening of the Special Meetings of Independent Directors.

## **Chapter 5 Meeting Calls**

Article 10 The Company should disclose any circumstances due to which proposals described above are not adopted or the aforesaid powers cannot be properly exercised.

Article 11 The Board of Directors may convene the Board of Directors’ meeting under any of the following circumstances:

- (1) When deemed necessary by the Chairman of the Board of Directors;
- (2) Upon jointly proposed by more than one-third of the directors;
- (3) When proposed by the General Manager;
- (4) Upon jointly proposal by more than half of the independent directors;
- (5) When proposed by the supervisory committee.
- (6) Proposal of the shareholders representing more than 10% of the voting powers.

On occurrence of any of the events set out in the preceding sub-clauses (2), (3), (4) and (5) where the chairman of the board of directors is unable or fails to perform his/ her duties, the vice chairman shall perform such duties. Where the vice chairman of the board of directors fails to perform his/ her duties, a director recommended by more than half of the directors shall be responsible for perform such duties.

Article 12 Shareholders, the Board of Directors (including Special Committee), Board of Supervisors, directors and the General Manager representing 10% or more of the voting powers of the Company shall be entitled to make proposals to the Board of Directors.

Matters that should be submitted to the Board of Directors for review shall form proposals by relevant responsible departments or units in accordance with the principle of correspondence between the matters discussed and the company's various departments or units, except as specifically designated by the Chairman or the General Manager.

All proposals shall be submitted by the proposer to the Chairman for review. The proposer shall submit its proposal together with the information related to the proposal and helpful for the director's decision.

Article 13 In the event that matters within the terms of reference of the Board of Directors are related to the development of the company's strategy (including but not limited to, strategic planning, major investment, institutional setup and others), the proposer of the proposal shall report to the Chairman from the early stage of the formation of the said matters.

In the event the proposal involves the assessment of directors and senior management officers, the proposer of the proposal shall report to the Chairman after the initial formation of the proposal and before submitting the same to the Remuneration Committee of the Board of Directors for review.

Article 14 Except for the proposal proposed by shareholders, with respect to any opinion, suggestion or objection of the Chairman regarding the proposal, the proposer shall amend and improve the proposal accordingly. If required, the proposer shall organize relevant parties for a re-audit of the proposal.

Article 15 The Secretary to the Board of Directors shall draft the agenda of the meeting according to the proposal notified in writing and submit the same to the Chairman for approval.

## **Chapter 6 Meeting Notice**

Article 16 The time and place of regular meetings of the board of directors may be decided in advance by the board of directors. The director who proposes any motion shall notify the secretary of the board of directors in writing of the proposal.

The secretary of the board of directors shall notify the directors fourteen (14) days before the meeting of the time, place and agenda of the meeting, and copy the notice to chairman of supervisory committee five days prior to the date of such general meeting.

Article 17 For extraordinary board meetings, the Chairman or relevant proposer shall notify the Secretary to the Board of Directors of the proposal and meeting agenda in writing, the



determination of the meeting time shall ensure that all directors may be notified and have reasonable time for preparation.

Except in special circumstances, the Secretary to the Board of Directors shall notify the directors of the time, place and agenda of the meeting 7 days before the meeting.

The Secretary to the Board of Directors shall send a notice of the meeting to the Chairman of the Board of Supervisors 5 days before the meeting.

Under the precondition of sufficiently expressing opinions, the Extraordinary Directors' Meeting may be held by means of communication.

Article 18 Notice of the Directors' Meeting shall be delivered in person, the receipt date of the person to whom the notice is served or the one who deals with documents receipt and sending on behalf of it shall be deemed as the date of service; in the event the notice is delivered by means of facsimile or email, the date on which the facsimile or email is validly delivered shall be deemed as the date of service.

Article 19 Failure to deliver the notice to a director or other person who is entitled to receive the notice due to accidental reason or such person fails to receive the meeting notice shall not affect the effectiveness of the Meeting and resolutions made in the Meeting.

Article 20 The Secretary to the Board of Directors shall submit proposals, reports, and other information to the directors at least 3 days before the meeting or give relevant explanation.

The Board of Directors shall provide the directors with sufficient information, and the Company shall ensure that independent directors are equally entitled to the same information as with other directors. With respect to the matters required to be decided by the Board of Directors, the Company shall notify the independent directors and provide sufficient information in advance within the statutory period. If the independent directors consider the information is insufficient, they may request supplemental information. If two or more than two independent directors consider the information is insufficient or that the supporting materials fail to substantiate the matter, they may jointly request the Board of Directors in writing to postpone the date for convening the Board of Directors' meeting or to consider the matter at a later date. The Board of Directors shall adopt accordingly.

## **Chapter 7 Meeting procedures**

Article 21 The quorum for meeting of the Board of Directors shall be more than half of the directors.

In the event relevant director refuses or is unwilling to attend the meeting, resulting in the failure of meeting the quorum for the meeting, the Chairman of the Board of Directors and the

Secretary to the Board of Directors shall report to the supervisory department in a timely manner.

Article 22 Board meetings should be attended by the directors themselves. In the event a director is unable to attend the Directors' Meeting due to any reason, it shall review the meeting information in advance, form clear opinion and authorize in writing other director to attend the meeting on its behalf.

The director attending the Meeting as an agent shall exercise the director's powers within the authorization scope. The director shall be deemed a waiver of the voting power in the Meeting in the event it fails, nor authorize an agent, to attend the meeting.

If an independent director fails to attend the board meeting in person and fails to appoint any other independent director to attend on his/her behalf for two consecutive times, 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/her duties as an independent director.

If a non-independent director fails to attend the board meeting in person and fails to appoint any other director to attend on his/ her behalf for two consecutive times, he/she shall be deemed to be unable to perform his/her duties, and the board of directors shall propose to the general meeting for replacement.

Article 23 The director who authorizes an agent or is authorized to attend a Directors' Meeting shall comply with the following principles:

- (1) When considering a related party transaction, a non-related director may not authorize a related director to attend the meeting on its behalf, nor may a related director accept the authorization from a non-related director.
- (2) An independent director may not authorize a non-independent director to attend the meeting on its behalf, nor may a non-independent director accept the authorization from an independent director.
- (3) A director may not fully authorize the other director to attend the meeting on its behalf without expressing its personal opinion and voting intention on the proposal, nor may relevant director accept full authorization or unclear authorization;
- (4) A director may not accept the authorization by two or more directors, nor a director may authorize a director who has accepted the authorizations by two directors to attend the meeting on its behalf.

Article 24 The supervisors and the secretary to the Board shall be in attendance at the Board meeting. If the matters deliberated at the Board meeting involve legal issues, the general legal

counsel shall attend the meeting and give opinions.

The Responsible person from functional departments proposing resolutions or closely related to the resolutions may be in attendance at the Board meeting if necessary.

Article 25 With respect to the extraordinary board of directors' meeting, the chairman of the board of directors or the relevant proposing party shall notify the secretary to the board of directors of the proposal and the agenda in writing. The time of the meeting shall be determined with regard to ensuring all the directors' receipt of the notice and having reasonable time for preparation.

Article 26 The Chairman of the meeting shall draw the directors attending the board meeting to give clear opinions on various proposals.

Article 27 A director shall read relevant meeting information carefully and, on the basis of fully understanding the situation, express its opinions independently and cautiously.

A director may consult the meeting convener, the General Manager and other senior management officers, special committees, accounting firms, law firms and other relevant personnel and agencies before the meeting to understand the information needed for decision-making.

Article 28 The resolutions of the Board of Directors are taken by way of poll, each director has 1 voting power. In the event a director or any of its associates (as defined in the Stock Exchange Listing Rules of the Hong Kong Stock Exchange) has a material stake in a resolution, the director shall have no voting power. When counting the number of statutory directors attending the meeting on such matter, the director shall not be counted.

For resolutions made by the Board of Directors, except those specified in Sub-clauses (6), (7), (12) under Article 3 of the Rules and external guarantees, which must be approved by votes of more than two-thirds of the directors, the rest may be deemed to be passed upon the voting of more than half of the directors. In the event of an equal votes for objection and consent, the Chairman shall have the right to cast one more vote.

Provided a director is associated with the enterprise involved in the Directors resolution voting, he shall not be entitled to vote for the resolution, nor shall he entitled to vote on behalf of other directors. Such a Directors' Meeting may be held with the presence of more than half of the directors without association to the enterprise involved in the resolution, and the resolution made by the Directors shall only be passed upon more than half of the directors without the said association. Provided the non-associated directors presenting the Meeting are less than three, the matter shall be submitted to the General Meeting for reviewing.

Article 29 In the event the proposal has not been passed, the Board of Directors shall not consider the proposal with the same content within one month in case there are no significant changes in the relevant conditions and factors.

Article 30 In the event more than half of the participating directors or more than two independent directors think that the proposal is unclear or specific, or in the event that it may not be able to make judgments on the relevant matters due to insufficient meeting information and other reasons, the Chairman of the meeting shall request a suspension of the voting on this issue.

The director who proposes for a suspension of voting shall give clear requirements for the conditions to be met upon the resubmission of the proposal for review.

Article 31 The meeting of board shall be made by the Board Secretary Office, which shall be signed by the directors attending the meeting and the recorder, and the directors attending the meeting shall have the right to ask for the descriptive records for their speeches in the meeting.

Board meeting files, including meeting notices and meeting information, power of attorney, voting forms, meeting minutes, resolutions, among others, shall be properly kept as important company files.

Article 32 Directors shall attend the board of directors' meetings in person. If any director is unable to attend the meeting for any reason, he/she may appoint another director as his/her proxy to attend the board of directors' meeting on his/her behalf and the instrument appointing the proxy shall state the scope of authority.

A director who attends a meeting on behalf of another director shall exercise the director's rights within the scope of the appointed authority. A director who fails to attend a particular board of directors' meeting and who has not appointed a representative to do so shall be deemed to have waived his/her voting rights in respect of that meeting.

With respect to independent director who has failed to attend board of directors' meetings in person for three consecutive times, the board of directors shall propose a replacement of such independent director in the general meeting.

Article 33 The attending directors shall, on their behalf and on the behalf of the directors authorized them to attend the meeting, sign to confirm the minutes and resolutions of the meeting. In the event the director has different opinions on the minutes or resolutions of the meeting, it may make written explanations at the time of signing. It may report to the supervisory department on a timely basis or make a public statement if necessary.

Where a director does not sign to confirm in accordance with the provisions of the preceding paragraph, nor give written explanations to its different opinions, nor report to the supervisory department or make a public statement, the director is deemed to have fully agreed with the contents of the minutes and resolutions of the meeting.

## **Chapter 8 Post-meeting Events**

Article 34 After the meeting, the Secretary to the Board of Directors shall handle the announcement in the designated media in accordance with the relevant laws and regulations and the provisions of the listing rules of the company's stock listing exchange. Before the announcement of the resolution, the attending directors and conference attendees, recording and service personnel are obligated to keep the contents of the resolution confidential.

Article 35 The Chairman of the Board of Directors shall supervise and urge the relevant personnel to implement the resolutions of the Board of Directors, check the implementation of the resolutions, and inform the implementation of the resolutions that have already been formed at the subsequent meeting of the Board of Directors.

During each board meeting, the Chairman shall assign a person to report to the Board of Directors on the implementation and follow-ups of the previous board resolutions. A director shall have the right to question relevant resolution makers of the implementation of the resolutions of the previous Directors' Meetings, and the relevant resolution makers shall reply within 3 working days in writing or give relevant explanation.

## **Chapter 9      Supplementary Provisions**

Article 36      The term “above” as used in these Rules includes the number itself.

Article 37 Matters not covered in this Order of Meeting shall be implemented in accordance with the relevant provisions of laws, regulations and the relevant regulatory documents issued by the regulatory authorities of the State.

Article 38 The authority for the interpretation of this Order of Meeting shall be vested in the board of directors of the Company.

Article 39 This Order of Meeting shall become effective from the date of approval in the general meeting.

## **Order of Meeting for the Supervisory committee of Maanshan Iron & Steel Company Limited**

Article 1 This Order of Meeting is formulated in accordance with the relevant laws, administrative regulations and regulatory documents of the State such as “The Company Law of the People’ s Republic of China”, “The Securities Law of the People’ s Republic of China” and “Standards for Corporate Governance of Listed Companies”, and the relevant provisions of the “Articles of Association of Maanshan Iron & Steel Company Limited” (hereinafter referred to as the “Articles of Association”).

Article 2        Scope of the supervisory committee’s conduct:

- (1) To review and give written opinions on the Company’s periodic reports prepared by the board of directors;
- (2) To examine of the Company’s financial affairs;
- (3) To supervise the Company’s directors, general manager and other senior management officers in performing their duties to the Company; and to propose an impeachment on directors, general manager and other senior management officers who violate any laws, administrative regulations or the Articles of Association or resolution passed in the shareholders’ general meeting;
- (4) If an act for the Company’ s directors, general manager and other senior management officers is harmful to the interests of the Company, to require them to correct such act;
- (5) To verify financial reports, business reports and profit distribution plans and other financial information proposed by the board of directors to be tabled at the shareholders’ general meeting and if in doubt, to appoint any registered accountant or practising auditors in the name of the Company to assist in reviewing them;
- (6) To propose the convening of extraordinary general meetings, and to propose the convening of and to preside over the shareholders’ general meeting when the board of directors is unable to perform the duties as stipulated under the Company Law of convening and presiding over the shareholders’ general meeting;
- (7) To initiate litigation against the directors, general manager and other senior management officers pursuant to Article 151 of the Company Law;
- (8) To put forward proposed resolutions to the shareholders’ general meeting;

- (9) To carry out investigation when abnormal operations were found in the Company, and to appoint professional corporations such as certified public accounting firms and legal firms, and so on, to provide assistance to its work if necessary, of which relevant costs will be borne by the Company;
- (10) To exercise other functions and powers specified in the Articles of Association.

Article 3 The supervisory committee shall at least convene four meetings each year and the chairman of the supervisory committee shall be responsible for convening the meetings. The supervisory committee shall promptly convene an extraordinary meeting if necessary. If a committee meeting is unable to be held as scheduled for any reason, an announcement shall be made to clarify the reasons.

Article 4 The chairman of the supervisory committee and the supervisor(s) proposing to convene a supervisory committee meeting shall notify the secretary to the supervisory committee the proposal of the meeting and agenda in writing within a reasonable period, so as to ensure that the secretary to the supervisory committee can issue the notice of the supervisory committee meeting before the specified time.

Article 5 The notice of supervisory committee meeting should be given in writing to all supervisors ten days prior to the meeting. The notice of meeting shall include the following: the date, place and duration of this meeting, the reasons for convening the meeting and the matter(s) to be decided at the meeting, and the date on which the notice is issued.

Article 6 If the notice of the supervisory committee meeting is delivered in person, the date of acknowledgement of receipt by the addressee or the person who accepts the service process on behalf of the addressee shall be deemed the date of service; if the notice is sent out by facsimile or email, the date of effective transmission of the facsimile or the email shall be deemed the date of service.

Article 7 If a supervisor or any other person who has the rights to receive the notice of meeting is left out accidentally to be served with the notice or such parties fail to receive the notice of meeting, the meeting and resolution made in the meeting shall not become void thereby.

Article 8 The quorum for meetings of the supervisory committee shall be more than half of the supervisors.



Article 9 Supervisors shall attend the supervisory committee meeting in person. If a supervisor cannot attend the meeting for any reason, he can appoint another supervisor to attend on his behalf in writing and the scope of authority should be specified in the instrument of appointing proxy.

Article 10 The supervisory committee may request the Company's directors, general manager and other senior management officers, and the internal and external auditors to attend the supervisory committee meeting and to answer questions concerned by the committee.

Article 11 The meeting of supervisory committee shall adopt the voting system of one vote for each supervisor.

Resolutions of the supervisory committee meeting shall be approved by voting by more than two-third of the supervisory committee members and shall constitute the "supervisory committee resolutions". Supervisors shall sign on and undertake responsibilities for the resolutions of the supervisory committee.

Article 12 Minutes of the supervisory committee meeting shall be taken and supervisors attending the meeting and the officer taking the minutes shall sign on the minutes. Supervisors shall have the rights to require descriptive record of their speeches in the meeting to be put down in the minutes. Minutes of supervisory committee meeting shall constitute important documents of the Company and shall be properly kept.

Article 13 Matters not covered in this Order of Meeting shall be implemented in accordance with the relevant provisions of laws, administrative regulations and the relevant regulatory documents issued by regulatory authorities of the State.

Article 14 The authority for interpretation of this Order of Meeting shall be vested in the supervisory committee of the Company.

Article 15 This Order of Meeting shall become effective from the date of approval in the general meeting.