

Order of the President of the People's Republic of China (No. 70)

The Production Safety Law of the People's Republic of China has been adopted at the 28th meeting of the Standing Committee of the Ninth People's Congress on June 29, 2002, and is hereby promulgated for implementation as of November 1, 2002.

Jiang Zemin, President of the People's Republic of China

June 29, 2002

Production Safety Law of the People's Republic of China

(Adopted at the 28th meeting of the Standing Committee of the Ninth People's Congress of the People's Republic of China on June 29, 2002)

Contents

Chapter I General Principles

Chapter II Guarantee of Safety by Production and Business Operation Entities

Chapter III Rights and Obligations of Employees

Chapter IV Supervision and Administration of Production Safety

Chapter V Emergency Rescue, Investigation and Handling of Production Safety Accidents

Chapter VI Legal Liabilities

Chapter VII Supplementary Provisions

Chapter I General Principles

Article 1 The present law has been enacted for the purpose of strengthening the supervision and administration of production safety, preventing and reducing safety accidents, defending the safety of life and property of the masses, and promoting the development of economy.

Article 2 The present law shall be applicable to the production safety of the entities that are engaged in to the production and business operation activities within the territory of the People's Republic of China (hereinafter referred to as the production and business operation entities). Where there are different provisions in laws or administrative regulations concerning the safety of fire control, road traffic and transportation, railway transportation, water transportation, civil air transportation, etc., such provisions shall be applied.

Article 3 For the administration of production safety, the guidelines of "safety first, focus on prevention" shall be observed.

Article 4 The production and business operation entities shall observe the present law and other relevant laws, regulations concerning the production safety, strengthen the administration of production safety, establish and perfect the system of responsibility for production safety, perfect the conditions for safe production, and ensure the safety in production.

Article 5 The major person-in-charge of the production and business operation entities shall take charge of the overall work of the production safety of the entity concerned.

Article 6 The employees of the production and business operation entities have the right to production safety according to law, and shall also be obliged to perform their obligations regarding to production safety.

Article 7 The trade unions shall organize the workers to participate in the democratic management and supervision of the production safety of the entity where they work so as to safeguard the lawful rights and interests of the workers in production safety.

Article 8 The State Council and the people's governments at all levels shall strengthen the leadership over the work of production safety, and support and urge the relevant departments to perform their respective duties of supervision and administration of production safety.

The people's governments on the county level and above shall coordinate and handle the serious problems that exist in the supervision and administration of production safety in good time.

Article 9 The department of the State Council in charge of the supervision and administration of production safety implements comprehensive supervision and administration of the work of production safety of the whole country. The people's governments on the county level and above in charge the supervision and administration of production safety shall implement comprehensive supervision and administration of the work of production safety with their respective administrative jurisdictions according to the present law.

The relevant departments of the State Council shall, according to the provisions of the present law and other relevant laws and administrative regulations, implement supervision and administration of the work of production safety within their respective functions and duties. The relevant departments of the people's governments on the county level and above shall, according to the provisions of the present law and other relevant laws and regulations, implement supervision and administration of the work of production safety within their respective functions and duties.

Article 10 The relevant departments of the State Council shall, according to the requirements of guaranteeing production safety, formulate relevant national standards or industrial standards according to law and in good time, and shall make revisions according to the progress of technology and development of economy in good time.

The production and business operation entities must enforce the national standards and industrial standards that have been lawfully formulated for guaranteeing production safety.

Article 11 The people's governments at all levels and the relevant departments thereof shall take various forms to strengthen the publicity of laws and regulations concerning production safety and knowledge about production safety so as to enhance the consciousness of the workers about production safety.

Article 12 The intermediary institutions that are lawfully established for providing technological services in production safety accept the entrustment of the production and business operation

entities to provide technological services in production safety according to the provisions of laws, administrative regulations and code of conduct.

Article 13 The system of affixing responsibilities to production safety accidents is implemented in our country and those who are held to be responsible for production safety accidents shall be affixed legal liabilities according to the present law and other provisions of the relevant laws and regulations.

Article 14 The state encourages and supports the research of production safety science and technology and the popularization and application of advanced technologies of production safety so as to improve the level of production safety.

Article 15 The state rewards those entities and individuals that have made outstanding achievements in the improvement of conditions of production safety, preventing production safety accidents, and rescue and relief in emergencies, etc.

Chapter II Guarantee of Safety by Production and Business Operation Entities

Article 16 The production and business operation entities shall be equipped with the conditions for safe production as provided in the present law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not equipped with the conditions for safe production may not engage in production and business operation activities.

Article 17 The major persons-in-charge of the production and business operation entities shall have the following duties and responsibilities regarding the production safety of their own entity:

- a. Establishing and perfecting the system of responsibility relating to production safety;
- b. Organizing the formulation of rules of safe production and operational rules of the entity;
- c. Ensuring the effective execution of input in production safety;
- d. Overseeing and inspecting the work of production safety of the entity and eliminating in good time the potential production safety accidents;
- e. Organizing the formulation and execution of plans for emergency rescue and relief of production safety accidents of the entity
- f. Reporting production safety accidents truthfully and in good time.

Article 18 The capital investment necessary for the conditions for the safe production of the production and business operation entities shall guaranteed by the decision-making organ and major persons-in-charge of the production and business operation entities or the investors of the private enterprises who shall be responsible for the aftermaths of insufficient capital investment necessary for safe production.

Article 19 The mines and construction entities as well as those engaged in the production, selling and storage of hazardous substances shall establish an administrative organ for production safety or have full-time personnel for the administration of production safety.

The production and business operation entities not mentioned in the preceding paragraph but have more than 300 employees shall establish an administrative organ for production safety or have

full-time personnel for the administration of production safety; if they have fewer than 300 employees, they shall have full-time or part-time personnel for the administration of production safety or entrust the engineering technicians who are equipped with the relevant professional technical qualifications as provided by the state to provide services in the administration of production safety.

Where any production and business operation entity that entrusts engineering technicians to provide services in the administration of production safety as provided in the preceding paragraph, the responsibility for ensuring safe production shall also remain with the entity itself.

Article 20 The major persons-in-charge and the personnel for the administration of production safety of the production and business operation entities shall have the knowledge and management capacity that match the production and business operation activities of the entities concerned.

The persons-in-charge and the personnel for the administration of production safety of the entities that are engaged in the production, selling and storage of hazardous substances and the mines and construction entities shall not take their positions until they have passed the examinations of the administrative departments concerning the knowledge and management capacity of production safety. No fees may be charged for such examinations.

Article 21 The production and business operation entities shall offer education and training programs to the employees thereof regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, know the relevant regulations and rules for safe production and the rules for safe operation, and master the skills for safe operation for their own positions. No employee who has not passed the education and training programs regarding production safety may start to work at his position.

Article 22 Where any production and business operation entities employs any new technique, new technology, new material or new equipment, it must know and have good understanding of the safety and technical feature thereof, take effective measures for safety production and give special education and training programs to the employees concerned about production safety.

Article 23 The special operation staff members of the production and business operation entities may not start to work at their positions until they have passed the special training regarding safe operations and obtained qualification certificates for special operations according to the relevant provisions of the state.

The scope of special operation staff shall be determined by the department State Council in charge of the supervision and administration of production safety in collaboration with the other relevant departments of the State Council.

Article 24 The safety facilities of the newly built or rebuilt or expanded engineering projects of the production and business operation entities (hereinafter referred to as construction projects as a general term) shall be designed, built and put into production and use at the same time of the principal part of the projects. The investment in safety facilities shall be incorporated in the budgetary estimates of the construction projects concerned.

Article 25 Safety conditions argumentations and safety appraisals shall be made according to the relevant provisions of the state to the mining construction projects and the construction projects for the production and storage of hazardous substances respectively.

Article 26 The designers or designing entities for the safety facilities of construction projects shall take responsibility for their designs of safety facilities.

The safety facility designs of the mining construction projects and the construction projects for the production and storage of hazardous substances shall be subject to the examination and approval of relevant departments according to the relevant provisions of the state, and the examination and approval departments and the persons thereof in charge of examinations and approval shall be responsible for the result of examination and approval.

Article 27 The mining construction projects and the construction entities of the construction projects for the production and storage of hazardous substances shall execute the constructions according to the approved designs of safety facilities, and shall be responsible for the quality of the construction of safety facilities.

After a mining construction project or a construction project for the production and storage of hazardous substances is completed and before it is put into production or put into use, the safety facilities thereof shall be subject to check and approval according to the relevant provisions of laws and administrative regulations. They may be put into production or use only after they have passed the check and approval. The department in charge of the check and approval shall be responsible for the results of check and approval.

Article 28 The production and business operation entities shall set up eye-catching safety warning marks at the production or business operation sites that have substantial dangerous elements or on the relevant facilities or equipments.

Article 29 The designing, manufacturing, installation, using, checking, maintenance, reforming and claiming as useless of safety equipments shall be in conformity with the national standards or industrial standards.

The production and business operation entities shall service, maintain the safety facilities often and check them regularly so as to ensure the normal operation thereof. Records shall be made for the services, to which the signature of relevant persons shall be affixed.

Article 30 The special equipment that concerns the safety of life or is rather dangers, the container of hazardous substances or the transportation tool that any production and business operation entity uses shall, according to the relevant provisions of the state, be manufactured by the specialized production entities, and only after it has passed the detections and tests of the detecting and testing institutions that are equipped with the professional qualifications for which a certificate for safe use or a mark of safety has been obtained could it be put into use. The detecting and testing institutions shall be responsible for the results of their detections and tests.

The list of special equipments that concern the safety of life or that are rather dangerous shall be formulated by the department of the State Council in charge of the supervision and administration of such special equipments, and shall be executed after the approval of the State Council has been obtained.

Article 31 The techniques and equipments that seriously endangers the safety of production shall be eliminated by the state.

No production and business operation entity may use any technique or equipment that endangers production safety and that has been explicitly announced for elimination or prevent from use.

Article 32 The production, business operation, transportation, storage and use of any hazardous substances or dispose of or abandon hazardous substances shall be subject to the examination and approval as well as the supervision and administration of relevant administrative departments according to the provisions of relevant laws and regulations, national standards or industrial standards.

For the production, business operation, transportation, storage and use of any hazardous substance or disposal or abandoning of any hazardous substance by any production and business operation entity, the entity shall execute the provisions of relevant laws and regulations as well as the national standards or industrial standards, and establish specialized safety administration rules, take reliable safety measures, and accept the supervision and administration lawfully carried out by relevant administrative departments.

Article 33 Production and business operation entities shall have archivist files for substantial hazardous sources, make regular checks, appraisals, supervisions and controls, make emergency plans, and inform the employees and other relevant people of the emergency measures that should be taken under emergent circumstances.

The production and business operation entities shall report, according to the relevant provisions of the state, the substantial hazardous sources and the corresponding safety measures and emergency measures to the administrative department and other relevant departments of the local people's government in charge of the supervision and administration of production safety for archivist purposes.

Article 34 The workshops, stores, warehouses that produce, manage, store or use hazardous substances may not be located in the same building as the dormitories of the employees, and there should be a safe distance between them and the dormitories.

For the sites of production and business operation and the dormitories of the employees, there shall be exits that meet the requirements for emergent dispersal of people, have eye-catching marks and be clear of obstructions. It shall be prohibited to close or obstruct the exits of the sites of production and business operation and the dormitories of the employees.

Article 35 To carry out the operations of explosions and hoistings, the production and business operation entities shall arrange for special persons to take charge of the on-spot safety so as to ensure that the operational rules be observed and the safety measures be carried out.

Article 36 The production and business operation entities shall educate and urge the employees thereof to observe strictly the regulations and rules thereof for safe production and the rules for safe operations, and shall inform truthfully the employees of the dangerous elements that exist in the site of operations and work positions, of the prevention measures and corresponding emergency measures for dealing with accidents.

Article 37 The production and business operation entities shall provide labor protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules.

Article 38 The persons in charge of the production safety of the production and business operation

entities shall conduct regular inspections over the production safety of the entities concerned by taking the peculiarities of business operation of the entities into consideration. The safety problems that are found out in the inspections shall be dealt with immediately; if they cannot deal with the problems, they shall report to the relevant persons-in-charge of the entities in good time. Records shall be taken for the inspections and the handling of the problems.

Article 39 The production and business operation entities shall arrange funds buying labor protection articles and holding trainings in production safety.

Article 40 Two or more production and business operations that conduct production and business operation activities within a same area and may endanger the production safety of each other shall enter into agreements concerning the administration of production safety so as to specify the duties and functions of each other in the administration of production safety as well as the safety measures to be taken, and shall arrange for full-time persons in charge of the administration of production safety to conduction safety inspections and coordinations.

Article 41 No production and business operation entity may contract or lease any project, site or equipment of production and business operation to any entity or person that does not have the conditions for safe production or have the corresponding qualifications.

In case a production and business operation project or site is contracted or leased to more than one entity, the production and business operation entity shall enter into special agreements with the contractor or leaseholder concerning the administration of production safety, or stipulate in the contracting agreements or leasehold contracts the duties and functions of each party in the administration of production safety. The production and business operation entity shall exercise unified coordination and administration over the contractors and leaseholders concerning the work of production safety.

Article 42 Where any serious production safety accident occurs in any production and business operation entity, the major persons-in-charge of the entity shall organize immediate rescues and may not leave their positions with out permission during the period for investigating and handling the accident.

Article 43 The production and business operation entities must buy employment injury insurances according to law, and pay insurance premiums for the employees thereof.

Chapter III Rights and Obligations of Employees

Article 44 In the employment contracts entered into between the production and business operations and the employees, it shall include stipulations about the guarantee of the labor safety of the employees, the avoidance of vocational injuries, and the buying of employment injury insurances for the employees thereof according to law.

No production and business operation entity may conclude any agreement with the employees thereof so as to exempt or mitigate the liabilities which result from any production safety accident casualties occurred to the employees thereof and which it has to undertake.

Article 45 The employees of a production and business operation entity shall be entitled to know the dangerous elements that exist in the site or position of work as well as the corresponding prevention measures and emergency measures; they shall be entitled to give suggestions concerning the work of production safety of the entity where they work.

Article 46 The employees shall be entitled to criticize, expose or institute legal proceedings on the

ground of the problems that exist in the production safety of the entity concerned.

The production and business operation entity may not lower the salaries or welfare or other treatment or dissolve the labor contracts entered into with the employees simply because the employee concerned has criticized, exposed or filed lawsuits on the ground of the problems existing in the production safety of the entity or because he has refused to give directions as against the operational rules or to force people to work in risks.

Article 47 Where any employee finds any emergency that may directly endanger the personal safety of himself or any other person, he shall be entitled to stop work or leave the site of work after taking possible emergency measures.

No production and business operation entity may lower the salaries or welfare or other treatment of the employee concerned or dissolve the labor contract entered into with the employee concerned simply because he has stopped work or left under emergent circumstances as mentioned in the preceding paragraph.

Article 48 The employees that suffered injuries in production safety accidents shall be entitled to claim compensations against the entity concerned if, according to the civil laws, they have the right to do so apart from enjoying the employment injury insurances according to law.

Article 49 The employees shall, in work, rigidly observe the rules and regulations concerning production safety and the operational rules of the entities concerned, obey their administration, and correctly wear and use labor protection articles.

Article 50 The employees shall accept education and training in production safety, be equipped with the knowledge of production safety necessary for their work so as to improve their skills in production safety and enable themselves to prevent from accidents and handle emergencies.

Article 51 Any employee who finds out any potential accidents or other insecure elements shall report immediately to the person in charge of the on-spot administration of production safety or the person-in-charge of the entity concerned. The person who receives the report shall handle them in good time.

Article 52 The trade unions shall be entitled to see to it that the safety facilities are designed, constructed and put into use at the same time as the main part of the construction projects, and shall be entitled to their comments.

The trade unions shall be entitled to demand the production and business operation entity to mend up any act thereof that has violated the provisions of any law or regulation regarding production safety and injured the lawful rights and interests of the employees. When they find that the production and business operation entity gives directions as against the rules and regulations, force people to work in risks or discover any potential accidents, they shall be entitled to give their suggestions, and the production and business operation entities shall take into consideration and give replies in good time. When they discover any circumstance endangering the life of the employees, they shall be entitled to suggest the production and business operation entity to organize the employees to leave the dangerous site, and the production and business operation entity to react without delay.

The trade unions shall be entitled to participate in the investigations of accidents, give their

comments on the handling of accidents and request relevant personnel to undertake responsibilities.

Chapter IV Supervision and Administration of Production Safety

Article 53 The local people's governments on the county level and above shall, according to the situation of production safety within their respective administrative jurisdictions, organize the relevant departments to inspect, according to their functions and duties, the production and business operation entities within their respective administrative jurisdiction where serious production safety accidents are apt to occur. In case any potential accident is discovered, it shall be handled without delay.

Article 54 If anything relating to production safety shall be subject to examination and approval according to the provisions of relevant laws and regulations (including approval, verification, permission, registration, certification, granting licenses, etc.), the departments that have the duty of supervising and administering production safety according to Article 9 of the present law (hereafter “the departments responsible for the supervision and administration of production safety”) shall carry out the examination and approval by strictly following the relevant laws and regulations as well as the conditions and procedures for safe production as required by national or industrial standards. If it is not in conformity with the provisions of relevant laws or regulations or it does not meet the conditions for safe production as required by national or industrial standards, it shall not be approved or shall not pass the examinations for acceptance. In case the administrative department in charge of examination and approval discovers or receives reports that any entity is unlawfully engaged in relevant activities without obtaining approval or without passing the examinations for acceptance, it shall revoke the unlawful act without delay and handle the case according to law. If the entity has already obtained approval according to law and the administrative department in charge of examination and approval finds that the entity no longer meets the conditions for safe production, it shall cancel the original approval.

Article 55 The departments responsible for the supervision and administration of production safety may not collect any fee for the examinations and approval for the matters relating to production safety, and may not demand the entities subject to examination and approval or examination for acceptance to buy the brands designated thereby or to buy the safety equipments, facilities or other products produced or sold by the entities designated thereby.

Article 56 A department responsible for the supervision and administration of production safety supervise and inspect according to law the executions of the relevant laws and regulations concerning production safety and the national or industrial standards by the production and business operation entities, and shall have the following duties and functions:

- a. To make inspections at the production and business operation entities, gather relevant materials, and inquire relevant entities and persons;
- b. To correct the acts violating the statutory provisions of law and discovered in the inspections or demand for correction within a prescribed time limit; to make decisions of administrative penalties according to the provisions of the present law and other relevant laws and regulations to those acts that shall be subject to administrative penalties according to law;
- c. If it finds any potential accident in its inspections, it shall order them to be eliminated without

delay. If safety cannot be guaranteed before a serious potential accident is eliminated or in the process of elimination, it shall order the employees at work to leave the dangerous areas, and order that the business operation or production or use be suspended or terminated. The production or business operation or use may not be resumed until the serious potential accident has been eliminated and approval has been obtained upon examination;

d. Shall be entitled to seal up or detain the facilities, equipments and apparatuses that are believed as not meeting the national or industrial standards for guaranteeing production safety.

The supervision and inspection may not affect the normal production and business operation activities of the examinee entities.

Article 57 The production and business operation entities shall cooperate with and may not reject or obstruct the supervision and inspection personnel of the departments responsible for the supervision and administration of production safety (hereafter “the supervision and inspection personnel of production safety”) in their lawful supervision and inspection.

Article 58 The supervision and inspection personnel of production safety shall be devoted to their duties, adhere to the principles, and be impartial in their enforcement activities.

The supervision and inspection personnel of production safety shall, when discharging their duties, show valid certificates of supervision enforcement, and shall keep secret if any of the technological secret or business secret of the entity subject to inspection is involved.

Article 59 The supervision and inspection personnel of production safety shall make written records of the time and place of the inspection, what is the inspection about, the problems discovered and how they are dealt with, and affix their signatures of the inspectors and person-in-charge of the inspected entity. If the person-in-charge of the inspected entity refuses to affix his signature, the inspectors may write the situation down in the records and report to the departments responsible for the supervision and administration of production safety.

Article 60 The departments responsible for the supervision and administration of production safety shall, in their supervision and administration activities, cooperate with each other by way of joint inspections. If it necessary to make inspections separately, they shall inform each other. If any safety problems found have to be handled by other relevant departments, they shall be transferred to the other departments concerned and keep records for further reference. The departments that accept the transferred cases shall handle them without delay.

Article 61 The government supervision authorities shall, according to the provisions concerning administrative government supervision, be responsible for supervising the execution of duties of production safety supervision and administration by the departments responsible for the supervision and administration of production safety and the personnel thereof.

Article 62 The institutions undertaking the work of safety appraisal, certification, detection, and test shall be equipped with the qualifications as required by the state, and shall be responsible for the results of safety appraisal, certification, detection and test.

Article 63 The departments responsible for the supervision and administration of production safety shall establish a system of reporting violations, making public the telephone numbers, mail boxes or email addresses for reporting violations, and accept the reports for violations relating to production safety. Any reported violation that has been accepted shall be put down in writing after

it has been verified through investigations. If any measure of rectification or improvement have to be taken, it shall be reported to the relevant person-in-charge for execution after the person-in-charge has affixed his signature.

Article 64 Any entity or individual shall be entitled to report to the department responsible for the supervision and administration of production safety about any potential accident or any violation of statutory provisions concerning production safety.

Article 65 Any urban residents' committee or villagers committee finds potential accident or violation of statutory provisions concerning production safety exists in the production and business operation entity within its jurisdiction shall report to the people's government or other relevant department of the local place.

Article 66 The people's governments on the county level and above as well as the relevant departments thereof shall reward those that have meritorious acts in reporting important potential accidents or violations of statutory provisions concerning production safety. The detailed measures for rewards shall be formulated by the department of the State Council responsible for the supervision and administration of production safety in collaboration with the public fiscal department of the State Council.

Article 67 The entities such as news agency, publication, broadcasting, movie and television, etc. shall be under the obligation of the publicity and education of production safety, and shall have the right to conduct supervision by public opinions over the acts violating the statutory provisions concerning production safety.

Chapter V Emergency Rescue, Investigation and Handling of Production Safety Accidents

Article 68 The people's governments on the county level and above shall organize relevant departments to formulate emergency rescue plans for the especially serious production safety accidents within their respective administrative jurisdictions, and establish their own systems of emergency rescue.

Article 69 The entities that produce, manage or store hazardous substances as well as the mining and construction building entities shall establish emergency rescue organizations. If a production and business operation is small in scale, it may designate part-time emergency rescue persons instead of establishing emergency rescue organizations.

The entities that produce, manage or store hazardous substances as well as the mining and construction building entities shall be equipped with necessary rescue apparatuses and equipments which shall be serviced and maintained regularly so as to ensure their normal operation.

Article 70 When a production safety accident occurs to a production and business operation entity, the relevant persons at the spot of the accident shall report to the persons-in-charge of the entity immediately.

The persons-in-charge of the entity shall, after receiving the report of accident, take effective measures immediately, organize rescues, and prevent the accident from deteriorating so as to reduce the casualty of personnel and property losses. They shall, according to the relevant provisions of the state, report truthfully to the departments responsible for the supervision and administration of production safety of the local place, and may not conceal anything or report deceitfully or delay the reports or ruin the spot of the accident on purpose or destroy relevant evidences.

Article 71 The departments responsible for the supervision and administration of production safety shall, after receiving a report of accident, report the accident to the relevant authorities on higher levels according to the relevant provisions of the state. The departments responsible for the supervision and administration of production safety and the local people's governments concerned may not conceal any accident, report deceitfully or delay the report.

Article 72 The persons-in-charge of the local people's governments concerned and the departments responsible for the supervision and administration of production safety shall, after receiving a report of production safety accident, hurry to the spot of the accident immediately to organize rescues.

All entities and individual shall support and coordinate the rescue of accident and provide all conveniences.

Article 73 The principle of being practical and realistic and the principle of respecting science shall be observed in the investigation and handling of accidents. The relevant people shall find out the accurate causes of the accidents in good time sum up the lessons of the accidents, suggest measures for rectification and mending up, and give their opinions about how to deal with those who are responsible for the accidents. The detailed measures for the investigation and handling of accidents shall be formulated by the State Council.

Article 74 If any production safety accident happened to a production and business operation entity is found, on the basis of investigations, to be an accident due to negligence, the relevant people shall not only find out the liabilities of and fix penalties to the entity where the accident has happened, they shall also find out the liabilities of the administrative departments that are responsible for the examination and approval of the relevant matters concerning production safety. Any person who is found to be guilty of dereliction in duties or malfeasance shall be subject to undertaking legal liabilities according to Article 77 of the present law.

Article 75 No entity or individual may obstruct or interfere with the lawful investigation and handling of accidents.

Article 76 The department of the local people's government on the county level and above who are responsible for the supervision and administration of production safety shall make statistical analyses regularly of the production safety accidents happened within their respective administrative regions, and publicize them to the general public.

Chapter VI Legal Liabilities

Article 77 Any staff member of the departments responsible for the supervision and administration of production safety who commits any of the following acts shall be given an administrative punishment of being demoted or removed from his position. If his act constitutes a crime, he shall be subject to assume criminal liabilities:

- a. Granting approval or accepting on the basis of examination any matter relating to production safety which does not meet the statutory conditions for production safety;
- b. Failing to clamp down or handle according to law after finding or receiving reports that any entity which has not obtained approval or has not passed the examinations for acceptance according to law is engaged in relevant activities;

c. Finding that an entity which has obtained approval or passed the examinations for acceptance according to law but fails exercise its duties of supervision and administration and failing to withdraw the original approval or failing to investigate and handle any act violating the statutory provisions concerning production safety.

Article 78 Any department responsible for the supervision and administration of production safety who demand the entities subject to examination and approval or examinations for acceptance to buy any safety equipment, facility or other product as designated thereby or charge any fees in the examination and approval or examination for acceptance concerning the matters of production safety shall be ordered to mend up by the competent authorities or the government supervision organs on a higher level and be ordered to refund the fees charged. If the circumstances are serious, the person-in-charge and other personnel who are held to be directly responsible shall be given administrative punishments according to law.

Article 79 Any institution that undertakes the work of safety appraisal, certification, detection and test issues false certificates and thus constituting a crime shall assume criminal liabilities according to the relevant provisions of the Criminal Law. If the acts thereof are not enough for criminal punishments, the illegal proceeds shall be confiscated and at the same time, it shall be imposed upon a fine of not less than two times but not more than five times the illegal proceeds if the illegal proceeds are more than 5,000 yuan; or, if the illegal proceeds are less than 5,000 yuan, be simply imposed upon a fine of not less than 5,000 yuan but not more than 20,000 yuan, and the person-in-charge and other persons who are held to be directly responsible shall be imposed a fine of not less than 5,000 yuan but not more than 50,000 yuan. If injuries have been caused to other people, it shall take several and joint liabilities with the production and business operation entity.

Any institution that has committed any of the illegal acts as mentioned in the preceding paragraph shall be disqualified accordingly.

Article 80 If the decision-making organ or major person-in-charge of any production and business operation entity or the investor of any individually run business fails to ensure the capital investment necessary for guaranteeing the production safety as provided in the present law so that the production and business operation entity no longer meets the requirements for safety production, the entity shall be ordered to mend up within a prescribed time period and provide the necessary capital investment. If it fails to mend up within the prescribed time period, the production and business operation entity shall be ordered to suspend business for rectifications.

If any of the illegal acts as mentioned in the preceding paragraph has resulted in any production safety accident and a crime is constituted, the offenders concerned shall assume criminal liabilities according to the relevant provisions of the Criminal Law. If the act is not serious enough for assuming criminal liabilities, the major persons-in-charge of the production and business operation entity shall be given a punishment of demotion, and the investor of the individually run business be imposed a fine of not less than 20,000 yuan but not more than 200,000 yuan.

Article 81 If the major person-in-charge of a production and business operation fails to perform his duty of administering production safety according to the provisions of the present law, he shall be ordered to mend up within a prescribed time period. If he fails to mend up within the prescribed time period, the production and business operation entity shall be ordered to suspend production or business for rectifications.

If the major person-in-charge of a production and business operation entity commits any of the acts as mentioned in the preceding paragraph so that a production safety accident has resulted, and thus a crime has been constituted, the major person-in-charge shall assume criminal liabilities according to the relevant provisions of the Criminal Law. If the acts are not serious enough for assuming criminal liabilities, he shall be given a punishment of demotion or be fined of not less than 20,000 yuan but not more than 200,000 yuan.

If the major person-in-charge of a production and business operation entity assumes criminal liabilities or is punished by being removed from his positions according to the provisions of the preceding paragraph, he may not be the major person-in-charge of any production and business operation entity within five years starting from the day when the criminal penalty is executed or from the day when he is given the punishment.

Article 82 In any of the following circumstances, the production and business operation entity shall be ordered to mend up within a prescribed time period. If it fails to mend up within the prescribed time period, it shall be ordered to suspend production or business for rectifications, and may be fined not more than 20,000 yuan:

- a. Failing to establish an organ for the administration of production safety or to arrange for persons to take charge of the administration of production safety;
- b. The major persons-in-charge or the person in charge of production safety of an entity that produces, manages or stores hazardous substances or the mining or construction building entity fails to passed the examinations according to relevant provisions;
- c. Failing to educate or train the workers according to the provisions of Articles 21 and 22 of the present law or failing to inform truthfully the workers of the production safety matters according to the provisions of Article 36 of the present law;
- d. The special operation staff members failing to receive specialized trainings in production safety and failing to obtain a qualifications certificate for the special operations according to the provisions yet still works at his position.

Article 83 In any of the following circumstances, the production and business operation entity shall be ordered to mend up within a prescribed time period. If it fails to mend up within the prescribed time period, it shall be ordered to suspend construction or suspend production or business for rectifications, and may be fined not more than 50,000 yuan. If serious consequences have resulted and thus a crime has been constituted, the offenders shall be subject to criminal liabilities according to the relevant provisions of the Criminal Law.

- a. There is no design of safety facilities for a mining construction project or a construction project for the production or storage of hazardous substances, or the design of safety facilities has failed to be submitted to relevant departments according to relevant provisions for examination and approval;

- b. The construction entity of a mining project or a construction for the production or storage of hazardous substances fails to execute the construction according to the approved design of safety facilities;
- c. The safety facilities fail to pass the examinations for acceptance before a mining construction project or a construction project for the production or storage of hazardous substances is put into production or use;
- d. Failing to place eye-catching safety warning marks on the sites of production and business operation or relevant facilities and equipments which are considerably dangerous;
- e. The installation, use, test, transformation or discarding safety facilities as useless is not in conformity with national standards or industrial standards;
- f. Failing to carry out regular maintenance or service or regular tests to the safety facilities;
- g. Failing to provide labor protection products to the workers according to the national or industrial standards;
- h. A special equipment or a container or transportation for hazardous substances is put into use before passing the detection and test of the eligible institutions and obtaining a certificate for safety use or a safety label;
- i. Using any of the techniques or equipments that endanger production safety and that have been explicitly announced to be eliminated or to be prohibited from use.

Article 84 Any one who unlawfully produces, manages or stores any hazardous product without approval shall be ordered to terminate the illegal act or to close down with its illegal proceeds be confiscated and imposed upon a fine of not less than one time but not more than five times the illegal proceeds if such proceeds are more than 100,000 yuan or be simply imposed upon a fine of not less than 20,000 yuan but not more than 100,000 yuan if there are no illegal proceeds or if the illegal proceeds are less than 100,000 yuan. If serious consequences have resulted and a crime has been constituted, the offenders shall assume criminal liabilities according to the relevant provisions of the Criminal Law.

Article 85 In any of the following circumstances, the production and business operation entity shall be ordered to mend up within a prescribed time period. If it fails to mend up within the prescribed time period, it shall be ordered to suspend production or business for rectifications and may be imposed upon a fine of not less than 20,000 yuan but not more than 100,000 yuan. If serious consequences have resulted and a crime has been constituted, the offenders shall be subject to criminal liabilities according to the relevant provisions of the Criminal Law.

- a. Failing to establish special safety administration systems or failing to take effective safety measures or refusing to accept the lawful supervision and administration of the administrative departments for the production, management, storage or use of hazardous substances;

b. Failing to create archivist files or failing to make appraisals or monitors or failing to make emergence plans for important sources of danger;

c. Failing to arrange for specialized administrative personnel to conduct on-spot administration of production safety in the dangerous operations including explosions and hoistings, etc.

Article 86 Any production and business operation entity who contracts or leases any production and business operation project, site or equipment to any entity or individual without the conditions for production safety or without corresponding qualifications shall be ordered to mend up within a prescribed time period and the illegal proceeds thereof shall be confiscated and, at the same time be fined not less than one time but not more than five times the illegal proceeds if such proceeds are more than 50,000 yuan, or be simply or concurrently imposed upon a fine of not if there are no illegal proceeds or if such proceeds are less than 50,000 yuan. If damages have been caused to other people due to a production safety accident, it shall take several and joint liabilities with the contractor or the lessee.

Any production and business operation who fails to enter into a production safety administration agreement with the contractor entity or lessee or failing to specify the duties and functions of production safety administration of the parties concerned in the contracting agreement or leasehold contract or failing to conduct unified coordination and administration of production safety over the contracting entity or lessee shall be ordered to mend up within a prescribed time period. If it fails to mend up within the prescribed time period, it shall be ordered to suspend production or business for rectifications.

Article 87 Where two or more production and business operation entities operate within a same area that may endanger the safe production of the other party or fail to enter into any agreement for the administration of production safety or fail to designate full-time administrative persons of production safety to conduct safety inspections and coordination, they shall be ordered to mend up within a prescribed time period. If they fail to mend up within the prescribed time period, they shall be ordered to terminate production and business operation.

Article 88 In any of the following circumstances, a production and business operation entity shall be ordered to mend up within a prescribed time period. If it fails to mend up within the prescribed time period, it shall be ordered to suspend production and business for rectifications. If serious consequences have resulted and a crime has been constituted, the offenders shall be subject to criminal liabilities according to the relevant provisions of the Criminal Law.

a. The workshop, store or warehouse where hazardous substances are produced, managed, stored or used is in a same building as the dormitory of the employees, or the distance between them and the employees' dormitory does not satisfy the safety requirements;

b. In the production and business operation site and the employees' dormitories there is no exit which meets the requirements of emergency dispersal and which is eye-catching and unblocked, or the exit to the sites of production and business operation or the employees' dormitories is closed or blocked.

Article 89 Where any production and business operation entity enters into any agreement with any

of the employees to exempt or mitigate the liabilities that it has to undertake due to casualties of employees in production safety accidents, such agreements shall be invalid, and the major person-in-charge of the production and business operation entity or the investor of the individually run business shall be fined not less than 20,000 yuan but not more than 200,000 yuan.

Article 90 Any worker of a production and business operation entity who does not obey the administration of the entity or violates the rules and regulations concerning production safety or breaches the operational rules shall be criticized and educated by the production and business operation entity, and shall be given a disciplinary punishment. If any serious accident has resulted and thus a crime has been constituted, the offender shall be subject to criminal liabilities according to the relevant provisions of the Criminal Law.

Article 91 Where the major person-in-charge of any production and business operation entity fails to organize rescues immediately when any serious production safety accident occurs to the entity or leaves his position without permission or escapes and hides during the investigation and handling of the accident, he shall be punished by being demoted or removed from his position, and be held in custody for not more than 15 days if he has escaped and hid. If any crime has been constituted, he shall be subject to assuming criminal liabilities according to the relevant provisions of the Criminal Law.

The major person-in-charge of any production and business operation entity who conceals any production safety accident or submits deceitful reports or delays reports shall be punished according to the provisions as mentioned in the preceding paragraph.

Article 92 Where the relevant local people's government or the department responsible for the supervision and administration of production safety conceals any production safety accident or submits deceitful reports or delays reports, the major person-in-charge or other persons who are held to be directly responsible shall be given an administrative punishment according to law. If any crime has been constituted, the offenders shall be subject to assuming criminal liabilities according to the relevant provisions of the Criminal Law.

Article 93 If a production and business operation entity does not meet the requirements as provided by the present law or other relevant laws or administrative regulations or national or industrial standards and still does not meet the requirements for production safety after rectifications during the period of time when its production or business is suspended, it shall be closed down, and the relevant certificates or licenses thereof shall be canceled by the relevant authorities.

Article 94 The administrative punishments as mentioned in the present law shall be decided by the department responsible for the supervision and administration of production safety. The administrative punishment of closing down shall be submitted by the department responsible for the supervision and administration of production safety to the people's government on the county level or above for decision according to their division of power as provided by the State Council. The administrative punishment of keeping in custody shall be decided by the public security organ according to the provisions of the Regulation on the Punishments for the Administration of Public Security. If there are different provisions in the relevant laws or administrative regulations

concerning administrative punishments, such provisions shall be applicable.

Article 95 If personal casualties or property losses have been caused to other people by any production safety accident of any production and business operation entity, the entity shall be responsible for making compensations. If the entity refuses to make compensations or the persons-in-charge escape and hide, the compensation shall be enforced by the people's court according to law.

If the persons who are held to be responsible for a production safety accident fail to make compensations and the losses of the victims still cannot be compensated in full amount after the people's court has taken enforcement measures, the persons who are responsible shall continue to undertake their obligations of compensations. If the victims find that the persons who are responsible have other assets, they may plead the people's court at any time for enforcement.

Chapter VII Supplementary Provisions

Article 96 The terms as mentioned in the present law defined as follows:

“Hazardous substance” refers to any substance that may endanger the safety of a person or property, including flammable and explosive substances, hazardous chemicals, radioactive substances, etc.

“Important sources of danger” refers to the units (including sites and facilities) where hazardous substances are produced, carried, used or stored for a long term or temporarily and the quantity of the hazardous substances is equal to or has surpassed the threshold quantity.

Article 97 The present law shall become effective as of November 1, 2002.

中华人民共和国主席令
(第 70 号)

《中华人民共和国安全生产法》已由中华人民共和国第九届全国人民代表大会常务委员会第二十八次会议于 2002 年 6 月 29 日通过，现予公布，自 2002 年 11 月 1 日起施行。

中华人民共和国主席 江泽民

2002 年 6 月 29 日

中华人民共和国安全生产法 (2002 年 6 月 29 日第九届全国人民代表大会 常务委员会第二十八次会议通过)

目录

第一章	总则
第二章	生产经营单位的安全生产保障
第三章	从业人员的权利和义务
第四章	安全生产的监督管理
第五章	生产安全事故的应急救援与调查处理
第六章	法律责任
第七章	附则
第一章	总则

第一条 为了加强安全生产监督管理，防止和减少生产安全事故，保障人民群众生

命和财产安全，促进经济发展，制定本法。

第二条 在中华人民共和国领域内从事生产经营活动的单位(以下统称生产经营单位)的安全生产，适用本法；有关法律、行政法规对消防安全和道路交通安全、铁路交通安全、水上交通安全、民用航空安全另有规定的，适用其规定。

第三条 安全生产管理，坚持安全第一、预防为主的方针。

第四条 生产经营单位必须遵守本法和其他有关安全生产的法律、法规，加强安全生产管理，建立、健全安全生产责任制度，完善安全生产条件，确保安全生产。

第五条 生产经营单位的主要负责人对本单位的安全生产工作全面负责。

第六条 生产经营单位的从业人员有依法获得安全生产保障的权利，并应当依法履行安全生产方面的义务。

第七条 工会依法组织职工参加本单位安全生产工作的民主管理和民主监督，维护职工在安全生产方面的合法权益。

第八条 国务院和地方各级人民政府应当加强对安全生产工作的领导，支持、督促各有关部门依法履行安全生产监督管理职责。

县级以上人民政府对安全生产监督管理中存在的重大问题应当及时予以协调、解决。

第九条 国务院负责安全生产监督管理的部门依照本法，对全国安全生产工作实施综合监督管理；县级以上地方各级人民政府负责安全生产监督管理的部门依照本法，对本行政区域内安全生产工作实施综合监督管理。

国务院有关部门依照本法和其他有关法律、行政法规的规定，在各自的职责范围内对有关的安全生产工作实施监督管理；县级以上地方各级人民政府有关部门依照本法和其他有关法律、法规的规定，在各自的职责范围内对有关的安全生产工作实施监督管理。

第十条 国务院有关部门应当按照保障安全生产的要求，依法及时制定有关的标准或者行业标准，并根据科技进步和经济发展适时修订。

生产经营单位必须执行依法制定的保障安全生产的国家标准或者行业标准。

第十一条 各级人民政府及其有关部门应当采取多种形式，加强对有关安全生产的法律、法规和安全生产知识的宣传，提高职工的安全生产意识。

第十二条 依法设立的为安全生产提供技术服务的中介机构，依照法律、行政法规和执业准则，接受生产经营单位的委托为其安全生产工作提供技术服务。

第十三条 国家实行生产安全事故责任追究制度，依照本法和有关法律、法规的规定，追究生产安全事故责任人员的法律责任。

第十四条 国家鼓励和支持安全生产科学研究和安全生产先进技术的推广应用，提高安全生产水平。

第十五条 国家对在改善安全生产条件、防止生产安全事故、参加抢险救护等方面取得显著成绩的单位和个人，给予奖励。

第二章 生产经营单位的安全生产保障

第十六条 生产经营单位应当具备本法和有关法律、行政法规和国家标准或者行业标准规定的安全生产条件；不具备安全生产条件的，不得从事生产经营活动。

第十七条 生产经营单位的主要负责人对本单位安全生产工作负有下列职责：

- (一) 建立、健全本单位安全生产责任制；
- (二) 组织制定本单位安全生产规章制度和操作规程；
- (三) 保证本单位安全生产投入的有效实施；
- (四) 督促、检查本单位的安全生产工作，及时消除生产安全事故隐患；
- (五) 组织制定并实施本单位的生产安全事故应急救援预案；
- (六) 及时、如实报告生产安全事故。

第十八条 生产经营单位应当具备的安全生产条件所必需的资金投入，由生产经营单位的决策机构、主要负责人或者个人经营的投资人予以保证，并对由于安全生产所必需的资金投入不足导致的后果承担责任。

第十九条 矿山、建筑施工单位和危险物品的生产、经营、储存单位，应当设置安全生产管理机构或者配备专职安全生产管理人员。

前款规定以外的其他生产经营单位，从业人员超过三百人的，应当设置安全生产管理机构或者配备专职安全生产管理人员；从业人员在三百人以下的，应当配备专职或者兼职的安全生产管理人员，或者委托具有国家规定的相关专业技术资格的工程技术人员提供安全生产管理服务。

生产经营单位依照前款规定委托工程技术人员提供安全生产管理服务的，保证安全生产的责任仍由本单位负责。

第二十条 生产经营单位的主要负责人和安全生产管理人员必须具备与本单位所从事的生产经营活动相应的安全生产知识和管理能力。

危险物品的生产、经营、储存单位以及矿山、建筑施工单位的主要负责人和安全生产管理人员，应当由有关主管部门对其安全生产知识和管理能力考核合格后方可任职。考核不得收费。

第二十一条 生产经营单位应当对从业人员进行安全生产教育和培训，保证从业人员具备必要的安全生产知识，熟悉有关的安全生产规章制度和安全操作规程，掌握本岗位的安全操作技能。未经安全生产教育和培训合格的从业人员，不得上岗作业。

第二十二条 生产经营单位采用新工艺、新技术、新材料或者使用新设备，必须了解、掌握其安全技术特性，采取有效的安全防护措施，并对从业人员进行专门的安全生产教育和培训。

第二十三条 生产经营单位的特种作业人员必须按照国家有关规定经专门的安全作业培训，取得特种作业操作资格证书，方可上岗作业。

特种作业人员的范围由国务院负责安全生产监督管理的部门会同国务院有关部门确定。

第二十四条 生产经营单位新建、改建、扩建工程项目（以下统称建设项目）的安全设施，必须与主体工程同时设计、同时施工、同时投入生产和使用。安全设施投资应当纳入建设项目概算。

第二十五条 矿山建设项目和用于生产、储存危险物品的建设项目，应当分别按照国家有关规定进行安全条件论证和安全评价。

第二十六条 建设项目安全设施的设计人、设计单位应当对安全设施设计负责。

矿山建设项目和用于生产、储存危险物品的建设项目的安全设施设计应当按照国家有关规定报经有关部门审查，审查部门及其负责审查的人员对审查结果负责。

第二十七条 矿山建设项目和用于生产、储存危险物品的建设项目的施工单位必须按照批准的安全设施设计施工，并对安全设施的工程质量负责。

矿山建设项目和用于生产、储存危险物品的建设项目竣工投入生产或者使用前，必须依照有关法律、行政法规的规定对安全设施进行验收；验收合格后，方可投入生产和使用。验收部门及其验收人员对验收结果负责。

第二十八条 生产经营单位应当在有较大危险因素的生产经营场所和有关设施、设备上，设置明显的安全警示标志。

第二十九条 安全设备的设计、制造、安装、使用、检测、维修、改造和报废，应当符合国家标准或者行业标准。

生产经营单位必须对安全设备进行经常性维护、保养，并定期检测，保证正常运转。维护、保养、检测应当作好记录，并由有关人员签字。

第三十条 生产经营单位使用的涉及生命安全、危险性较大的特种设备，以及危险物品的容器、运输工具，必须按照国家有关规定，由专业生产单位生产，并经取得专业资质的检测、检验机构检测、检验合格，取得安全使用证或者安全标志，方可投入使用。检测、检验机构对检测、检验结果负责。

涉及生命安全、危险性较大的特种设备的目录由国务院负责特种设备安全监督管理的部门制定，报国务院批准后执行。

第三十一条 国家对严重危及生产安全的工艺、设备实行淘汰制度。

生产经营单位不得使用国家明令淘汰、禁止使用的危及生产安全的工艺、设备。

第三十二条 生产、经营、运输、储存、使用危险物品或者处置废弃危险物品的，由有关主管部门依照有关法律、法规的规定和国家标准或者行业标准审批并实施监督管理。

生产经营单位生产、经营、运输、储存、使用危险物品或者处置废弃危险物品，必须执行有关法律、法规和国家标准或者行业标准，建立专门的安全管理制度，采取可靠的安全措施，接受有关主管部门依法实施的监督管理。

第三十三条 生产经营单位对重大危险源应当登记建档，进行定期检测、评估、监控，并制定应急预案，告知从业人员和相关人员在紧急情况下应当采取的应急措施。

生产经营单位应当按照国家有关规定将本单位重大危险源及有关安全措施、应急措施报有关地方人民政府负责安全生产监督管理的部门和有关部门备案。

第三十四条 生产、经营、储存、使用危险物品的车间、商店、仓库不得与员工宿舍在同一座建筑物内，并应当与员工宿舍保持安全距离。

生产经营场所和员工宿舍应当设有符合紧急疏散要求、标志明显、保持畅通的出口。禁止封闭、堵塞生产经营场所或者员工宿舍的出口。

第三十五条 生产经营单位进行爆破、吊装等危险作业，应当安排专门人员进行现场安全管理，确保操作规程的遵守和安全措施的落实。

第三十六条 生产经营单位应当教育和督促从业人员严格执行本单位的安全生产规章制度和安全操作规程；并向从业人员如实告知作业场所和工作岗位存在的危险因素、防范措施以及事故应急措施。

第三十七条 生产经营单位必须为从业人员提供符合国家标准或者行业标准的劳动防护用品，并监督、教育从业人员按照使用规则佩戴、使用。

第三十八条 生产经营单位的安全生产管理人员应当根据本单位的生产经营特点，对安全生产状况进行经常性检查；对检查中发现的安全问题，应当立即处理；不能处理的，应当及时报告本单位有关负责人。检查及处理情况应当记录在案。

第三十九条 生产经营单位应当安排用于配备劳动防护用品、进行安全生产培训的经费。

第四十条 两个以上生产经营单位在同一作业区域内进行生产经营活动，可能危及对方生产安全的，应当签订安全生产管理协议，明确各自的安全生产管理职责和应当采取的安全措施，并指定专职安全生产管理人员进行安全检查与协调。

第四十一条 生产经营单位不得将生产经营项目、场所、设备发包或者出租给不具备安全生产条件或者相应资质的单位或者个人。

生产经营项目、场所有多个承包单位、承租单位的，生产经营单位应当与承包单位、承租单位签订专门的安全生产管理协议，或者在承包合同、租赁合同中约定各自的安全生产管理职责；生产经营单位对承包单位、承租单位的安全生产工作统一协调、管理。

第四十二条 生产经营单位发生重大生产安全事故时，单位的主要负责人应当立即组织抢救，并不得在事故调查处理期间擅离职守。

第四十三条 生产经营单位必须依法参加工伤保险，为从业人员缴纳保险费。

第三章 从业人员的权利和义务

第四十四条 生产经营单位与从业人员订立的劳动合同,应当载明有关保障从业人员劳动安全、防止职业危害的事项,以及依法为从业人员办理工伤社会保险的事项。

生产经营单位不得以任何形式与从业人员订立协议,免除或者减轻其对从业人员因生产安全事故伤亡依法应承担的责任。

第四十五条 生产经营单位的从业人员有权了解其作业场所和工作岗位存在的危险因素、防范措施及事故应急措施,有权对本单位的安全生产工作提出建议。

第四十六条 从业人员有权对本单位安全生产工作中存在的问题提出批评、检举、控告;有权拒绝违章指挥和强令冒险作业。

生产经营单位不得因从业人员对本单位安全生产工作提出批评、检举、控告或者拒绝违章指挥、强令冒险作业而降低其工资、福利等待遇或者解除与其订立的劳动合同。

第四十七条 从业人员发现直接危及人身安全的紧急情况时,有权停止作业或者在采取可能的应急措施后撤离作业场所。

生产经营单位不得因从业人员在前款紧急情况下停止作业或者采取紧急撤离措施而降低其工资、福利等待遇或者解除与其订立的劳动合同。

第四十八条 因生产安全事故受到损害的从业人员,除依法享有工伤社会保险外,依照有关民事法律尚有获得赔偿的权利的,有权向本单位提出赔偿要求。

第四十九条 从业人员在作业过程中,应当严格遵守本单位的安全生产规章制度和操作规程,服从管理,正确佩戴和使用劳动防护用品。

第五十条 从业人员应当接受安全生产教育和培训,掌握本职工作所需的安全生产知识,提高安全生产技能,增强事故预防和应急处理能力。

第五十一条 从业人员发现事故隐患或者其他不安全因素,应当立即向现场安全生产管理人员或者本单位负责人报告;接到报告的人员应当及时予以处理。

第五十二条 工会有权对建设项目的安全设施与主体工程同时设计、同时施工、同时投入生产和使用进行监督,提出意见。

工会对生产经营单位违反安全生产法律、法规,侵犯从业人员合法权益的行为,有权要求纠正;发现生产经营单位违章指挥、强令冒险作业或者发现事故隐患时,有权提出解决的建议,生产经营单位应当及时研究答复;发现危及从业人员生命安全的情况时,有权向生产经营单位建议组织从业人员撤离危险场所,生产经营单位必须立即作出处理。

工会有权依法参加事故调查,向有关部门提出处理意见,并要求追究有关人员的责任。

第四章 安全生产的监督管理

第五十三条 县级以上地方各级人民政府应当根据本行政区域内的安全生产状况,组织有关部门按照职责分工,对本行政区域内容易发生重大生产安全事故的生产经营单位进行严格检查;发现事故隐患,应当及时处理。

第五十四条 依照本法第九条规定对安全生产负有监督管理职责的部门(以下统称负有安全生产监督管理职责的部门)依照有关法律、法规的规定,对涉及安全生产的事项需要审查批准(包括批准、核准、许可、注册、认证、颁发证照等,下同)或者验收的,必须严格依照有关法律、法规和国家标准或者行业标准规定的安全生产条件和程序进行审查;不符合有关法律、法规和国家标准或者行业标准规定的安全生产条件的,不得批准或者验收通过。对未依法取得批准或者验收合格的单位擅自从事有关活动的,负责行政审批的部门发现或者接到举报后应当立即予以取缔,并依法予以处理。对已经依法取得批准的部门,负责行政审批的部门发现其不再具备安全生产条件的,应当撤销原批准。

第五十五条 负有安全生产监督管理职责的部门对涉及安全生产的事项进行审查、验收,不得收取费用;不得要求接受审查、验收的单位购买其指定品牌或者指定生产、销售

单位的安全设备、器材或者其他产品。

第五十六条 负有安全生产监督管理职责的部门依法对生产经营单位执行有关安全生产的法律、法规和国家标准或者行业标准的情况进行监督检查，行使以下职权：

（一）进入生产经营单位进行检查，调阅有关资料，向有关单位和人员了解情况。

（二）对检查中发现的安全生产违法行为，当场予以纠正或者要求限期改正；对依法应当给予行政处罚的行为，依照本法和其他有关法律、行政法规的规定作出行政处罚决定。

（三）对检查中发现的事故隐患，应当责令立即排除；重大事故隐患排除前或者排除过程中无法保证安全的，应当责令从危险区域内撤出作业人员，责令暂时停产停业或者停止使用；重大事故隐患排除后，经审查同意，方可恢复生产经营和使用。

（四）对有根据认为不符合保障安全生产的国家标准或者行业标准的设施、设备、器材予以查封或者扣押，并应当在十五日内依法作出处理决定。

监督检查不得影响被检查单位的正常生产经营活动。

第五十七条 生产经营单位对负有安全生产监督管理职责的部门的监督检查人员（以下统称安全生产监督检查人员）依法履行监督检查职责，应当予以配合，不得拒绝、阻挠。

第五十八条 安全生产监督检查人员应当忠于职守，坚持原则，秉公执法。

安全生产监督检查人员执行监督检查任务时，必须出示有效的监督执法证件；对涉及被检查单位的技术秘密和业务秘密，应当为其保密。

第五十九条 安全生产监督检查人员应当将检查的时间、地点、内容、发现的问题及其处理情况，作出书面记录，并由检查人员和被检查单位的负责人签字；被检查单位的负责人拒绝签字的，检查人员应当将情况记录在案，并向负有安全生产监督管理职责的部门报告。

第六十条 负有安全生产监督管理职责的部门在监督检查中，应当互相配合，实行联合检查；确需分别进行检查的，应当互通情况，发现存在的安全问题应当由其他有关部门进行处理的，应当及时移送其他有关部门并形成记录备查，接受移送的部门应当及时进行处理。

第六十一条 监察机关依照行政监察法的规定，对负有安全生产监督管理职责的部门及其工作人员履行安全生产监督管理职责实施监察。

第六十二条 承担安全评价、认证、检测、检验的机构应当具备国家规定的资质条件，并对其作出的安全评价、认证、检测、检验的结果负责。

第六十三条 负有安全生产监督管理职责的部门应当建立举报制度，公开举报电话、信箱或者电子邮件地址，受理有关安全生产的举报；受理的举报事项经调查核实后，应当形成书面材料；需要落实整改措施的，报经有关负责人签字并督促落实。

第六十四条 任何单位或者个人对事故隐患或者安全生产违法行为，均有权向负有安全生产监督管理职责的部门报告或者举报。

第六十五条 居民委员会、村民委员会发现其所在区域内的生产经营单位存在事故隐患或者安全生产违法行为时，应当向当地人民政府或者有关部门报告。

第六十六条 县级以上各级人民政府及其有关部门对报告重大事故隐患或者举报安全生产违法行为的有功人员，给予奖励。具体奖励办法由国务院负责安全生产监督管理的部门会同国务院财政部门制定。

第六十七条 新闻、出版、广播、电影、电视等单位有进行安全生产宣传教育的义务，有对违反安全生产法律、法规的行为进行舆论监督的权利。

第五章 生产安全事故的应急救援与调查处理

第六十八条 县级以上地方各级人民政府应当组织有关部门制定本行政区域内特

大生产安全事故应急救援预案，建立应急救援体系。

第六十九条 危险物品的生产、经营、储存单位以及矿山、建筑施工单位应当建立应急救援组织；生产经营规模较小，可以不建立应急救援组织的，应当指定兼职的应急救援人员。

危险物品的生产、经营、储存单位以及矿山、建筑施工单位应当配备必要的应急救援器材、设备，并进行经常性维护、保养，保证正常运转。

第七十条 生产经营单位发生生产安全事故后，事故现场有关人员应当立即报告本单位负责人。

单位负责人接到事故报告后，应当迅速采取有效措施，组织抢救，防止事故扩大，减少人员伤亡和财产损失，并按照国家有关规定立即如实报告当地负有安全生产监督管理职责的部门，不得隐瞒不报、谎报或者拖延不报，不得故意破坏事故现场、毁灭有关证据。

第七十一条 负有安全生产监督管理职责的部门接到事故报告后，应当立即按照国家有关规定上报事故情况。负有安全生产监督管理职责的部门和有关地方人民政府对事故情况不得隐瞒不报、谎报或者拖延不报。

第七十二条 有关地方人民政府和负有安全生产监督管理职责的部门的负责人接到重大生产安全事故报告后，应当立即赶到事故现场，组织事故抢救。

任何单位和个人都应当支持、配合事故抢救，并提供一切便利条件。

第七十三条 事故调查处理应当按照实事求是、尊重科学的原则，及时、准确地查清事故原因，查明事故性质和责任，总结事故教训，提出整改措施，并对事故责任者提出处理意见。事故调查和处理的具体办法由国务院制定。

第七十四条 生产经营单位发生生产安全事故，经调查确定为责任事故的，除了应当查明事故单位的责任并依法予以追究外，还应当查明对安全生产的有关事项负有审查批准和监督职责的行政部门的责任，对有失职、渎职行为的，依照本法第七十七条的规定追究法律责任。

第七十五条 任何单位和个人不得阻挠和干涉对事故的依法调查处理。

第七十六条 县级以上地方各级人民政府负责安全生产监督管理的部门应当定期统计分析本行政区域内发生生产安全事故的情况，并定期向社会公布。

第六章 法律责任

第七十七条 负有安全生产监督管理职责的部门的工作人员，有下列行为之一的，给予降级或者撤职的行政处分；构成犯罪的，依照刑法有关规定追究刑事责任：

- （一）对不符合法定安全生产条件的涉及安全生产的事项予以批准或者验收通过的；
- （二）发现未依法取得批准、验收的单位擅自从事有关活动或者接到举报后不予取缔或者不依法予以处理的；
- （三）对已经依法取得批准的单位不履行监督管理职责，发现其不再具备安全生产条件而不撤销原批准或者发现安全生产违法行为不予查处的。

第七十八条 负有安全生产监督管理职责的部门，要求被审查、验收的单位购买其指定的安全设备、器材或者其他产品的，在对安全生产事项的审查、验收中收取费用的，由其上级机关或者监察机关责令改正，责令退还收取的费用；情节严重的，对直接负责的主管人员和其他直接责任人员依法给予行政处分。

第七十九条 承担安全评价、认证、检测、检验工作的机构，出具虚假证明，构成犯罪的，依照刑法有关规定追究刑事责任；尚不够刑事处罚的，没收违法所得，违法所得在五千元以上的，并处违法所得二倍以上五倍以下的罚款，没有违法所得或者违法所得不足五千元的，单处或者并处五千元以上二万元以下的罚款，对其直接负责的主管人员和其他直接责任人员处五千元以上五万元以下的罚款；给他人造成损害的，与生产经营单位承担连带赔

偿责任。

对有前款违法行为的机构，撤销其相应资格。

第八十条 生产经营单位的决策机构、主要负责人、个人经营的投资人不依照本法规定保证安全生产所必需的资金投入，致使生产经营单位不具备安全生产条件的，责令限期改正，提供必需的资金；逾期未改正的，责令生产经营单位停产停业整顿。

有前款违法行为，导致发生生产安全事故，构成犯罪的，依照刑法有关规定追究刑事责任；尚不够刑事处罚的，对生产经营单位的主要负责人给予撤职处分，对个人经营的投资人处二万元以上二十万元以下的罚款。

第八十一条 生产经营单位的主要负责人未履行本法规定的安全生产管理职责的，责令限期改正；逾期未改正的，责令生产经营单位停产停业整顿。

生产经营单位的主要负责人有前款违法行为，导致发生生产安全事故，构成犯罪的，依照刑法有关规定追究刑事责任；尚不够刑事处罚的，给予撤职处分或者处二万元以上二十万元以下的罚款。

生产经营单位的主要负责人依照前款规定受刑事处罚或者撤职处分的，自刑罚执行完毕或者受处分之日起，五年内不得担任任何生产经营单位的主要负责人。

第八十二条 生产经营单位有下列行为之一的，责令限期改正；逾期未改正的，责令停产停业整顿，可以并处二万元以下的罚款：

（一）未按照规定设立安全生产管理机构或者配备安全生产管理人员的；

（二）危险物品的生产、经营、储存单位以及矿山、建筑施工单位的主要负责人和安全生产管理人员未按照规定经考核合格的；

（三）未按照本法第二十一条、第二十二条的规定对从业人员进行安全生产教育和培训，或者未按照本法第三十六条的规定如实告知从业人员有关的安全生产事项的；

（四）特种作业人员未按照规定经专门的安全作业培训并取得特种作业操作资格证书，上岗作业的。

第八十三条 生产经营单位有下列行为之一的，责令限期改正；逾期未改正的，责令停止建设或者停产停业整顿，可以并处五万元以下的罚款；造成严重后果，构成犯罪的，依照刑法有关规定追究刑事责任：

（一）矿山建设项目或者用于生产、储存危险物品的建设项目没有安全设施设计或者安全设施设计未按照规定报经有关部门审查同意的；

（二）矿山建设项目或者用于生产、储存危险物品的建设项目的施工单位未按照批准的安全设施设计施工的；

（三）矿山建设项目或者用于生产、储存危险物品的建设项目竣工投入生产或者使用前，安全设施未经验收合格的；

（四）未在有较大危险因素的生产经营场所和有关设施、设备上设置明显的安全警示标志的；

（五）安全设备的安装、使用、检测、改造和报废不符合国家标准或者行业标准的；

（六）未对安全设备进行经常性维护、保养和定期检测的；

（七）未为从业人员提供符合国家标准或者行业标准的劳动防护用品的；

（八）特种设备以及危险物品的容器、运输工具未经取得专业资质的机构检测、检验合格，取得安全使用证或者安全标志，投入使用的；

（九）使用国家明令淘汰、禁止使用的危及生产安全的工艺、设备的。

第八十四条 未经依法批准，擅自生产、经营、储存危险物品的，责令停止违法行为或者予以关闭，没收违法所得，违法所得十万元以上的，并处违法所得一倍以上五倍以下的罚款，没有违法所得或者违法所得不足十万元的，单处或者并处二万元以上十万元以下的罚款；

罚款；造成严重后果，构成犯罪的，依照刑法有关规定追究刑事责任。

第八十五条 生产经营单位有下列行为之一的，责令限期改正；逾期未改正的，责令停产停业整顿，可以并处二万元以上十万元以下的罚款；造成严重后果，构成犯罪的，依照刑法有关规定追究刑事责任：

（一）生产、经营、储存、使用危险物品，未建立专门安全管理制度、未采取可靠的安全措施或者不接受有关主管部门依法实施的监督管理的；

（二）对重大危险源未登记建档，或者未进行评估、监控，或者未制定应急预案的；

（三）进行爆破、吊装等危险作业，未安排专门管理人员进行现场安全管理的。

第八十六条 生产经营单位将生产经营项目、场所、设备发包或者出租给不具备安全生产条件或者相应资质的单位或者个人的，责令限期改正，没收违法所得；违法所得五万元以上的，并处违法所得一倍以上五倍以下的罚款；没有违法所得或者违法所得不足五万元的，单处或者并处一万元以上五万元以下的罚款；导致发生生产安全事故给他人造成损害的，与承包方、承租方承担连带赔偿责任。

生产经营单位未与承包单位、承租单位签订专门的安全生产管理协议或者未在承包合同、租赁合同中明确各自的安全生产管理职责，或者未对承包单位、承租单位的安全生产统一协调、管理的，责令限期改正；逾期未改正的，责令停产停业整顿。

第八十七条 两个以上生产经营单位在同一作业区域内进行可能危及对方安全生产的生产经营活动，未签订安全生产管理协议或者未指定专职安全生产管理人员进行安全检查与协调的，责令限期改正；逾期未改正的，责令停产停业。

第八十八条 生产经营单位有下列行为之一的，责令限期改正；逾期未改正的，责令停产停业整顿；造成严重后果，构成犯罪的，依照刑法有关规定追究刑事责任：

（一）生产、经营、储存、使用危险物品的车间、商店、仓库与员工宿舍在同一座建筑内，或者与员工宿舍的距离不符合安全要求的；

（二）生产经营场所和员工宿舍未设有符合紧急疏散需要、标志明显、保持畅通的出口，或者封闭、堵塞生产经营场所或者员工宿舍出口的。

第八十九条 生产经营单位与从业人员订立协议，免除或者减轻其对从业人员因生产安全事故伤亡依法应承担的责任的，该协议无效；对生产经营单位的主要负责人、个人经营的投资人处二万元以上十万元以下的罚款。

第九十条 生产经营单位的从业人员不服从管理，违反安全生产规章制度或者操作规程的，由生产经营单位给予批评教育，依照有关规章制度给予处分；造成重大事故，构成犯罪的，依照刑法有关规定追究刑事责任。

第九十一条 生产经营单位主要负责人在本单位发生重大生产安全事故时，不立即组织抢救或者在事故调查处理期间擅离职守或者逃匿的，给予降职、撤职的处分，对逃匿的处十五日以下拘留；构成犯罪的，依照刑法有关规定追究刑事责任。

生产经营单位主要负责人对生产安全事故隐瞒不报、谎报或者拖延不报的，依照前款规定处罚。

第九十二条 有关地方人民政府、负有安全生产监督管理职责的部门，对生产安全事故隐瞒不报、谎报或者拖延不报的，对直接负责的主管人员和其他直接责任人员依法给予行政处分；构成犯罪的，依照刑法有关规定追究刑事责任。

第九十三条 生产经营单位不具备本法和其他有关法律、行政法规和国家标准或者行业标准规定的安全生产条件，经停产停业整顿仍不具备安全生产条件的，予以关闭；有关部门应当依法吊销其有关证照。

第九十四条 本法规定的行政处罚，由负责安全生产监督管理的部门决定；予以关

闭的行政处罚由负责安全生产监督管理的部门报请县级以上人民政府按照国务院规定的权限决定；给予拘留的行政处罚由公安机关依照治安管理处罚条例的规定决定。有关法律、行政法规对行政处罚的决定机关另有规定的，依照其规定。

第九十五条 生产经营单位发生生产安全事故造成人员伤亡、他人财产损失的，应当依法承担赔偿责任；拒不承担或者其负责人逃匿的，由人民法院依法强制执行。

生产安全事故的责任人未依法承担赔偿责任，经人民法院依法采取执行措施后，仍不能对受害人给予足额赔偿的，应当继续履行赔偿义务；受害人发现责任人有其他财产的，可以随时请求人民法院执行。

第七章 附则

第九十六条 本法下列用语的含义：

危险物品，是指易燃易爆物品、危险化学品、放射性物品等能够危及人身安全和财产安全的物品。

重大危险源，是指长期地或者临时地生产、搬运、使用或者储存危险物品，且危险物品的数量等于或者超过临界量的单元（包括场所和设施）。

第九十七条 本法自2002年11月1日起施行。

首页

公司概况

公司新闻

科技研发

名牌精品

企业文化

客户服务

联系我们

搜索: 请输入您要搜索的关键字

查询

社保查询

查询

返回首页

集团首页

中国北方集团

钢铁主业

津西股份

津西正达

津西万通

津西金兰

非钢产业

装备制造

大方重工

金属贸易

东方信远

英丰租赁

节能环保

津顺节能

东方绿源

国际贸易

津西国贸

新资产

北京置业

津西博远

物资回收

津兴资源

友联公司

龙翔文化

今天是 2019年1月22日 星期二 唐山 雾转多云 -8℃~-1℃

当前位置: 首页 → 河北津西钢铁集团股份有限公司 → 公司新闻 → 津西股份八措联动, 确保“两节”安全生产

津西股份八措联动, 确保“两节”安全生产

元旦、春节将至。为实现“两节”期间安全生产, 让干部员工欢度祥和、平安的节日, 日前, 津西股份统一安排, 精心部署, 强化落实八项措施, 努力杜绝各类事故。

一是各单位成立以一把手为组长的安全生产领导小组, 加强领导, 逐级负责, 形成横向到边、纵向到底的安全管理网络, 并制定出“两节”期间安全管理措施。二是严格落实《安全隐患排查制度》和《禁酒令制度》。对查出的各类隐患及时整改, 不能立即整改的要制定详细安全防范措施, 并加大班前、班中饮酒的查处力度。三是加强劳动纪律检查。严厉查处“三违”行为, 杜绝各类违章违纪现象。四是开展节前安全教育活动。通过学习事故案例等形式, 大力营造“事事要安全, 人人讲安全, 处处保安全”的氛围。五是强化夜间检修、抢修安全规定的执行。凡涉及检修的单位要制定出切实可行的安全措施, 相关部门要深入现场做好安全监护, 严禁加班加点疲劳作业。六是加强重大危险源点监控。对重大危险源点, 要明确责任单位、责任人, 确保各级危险源处于受控状态。七是扎实做好冬季“四防”, 确保人机安全。八是强化技改施工现场及外来人员安全管理, 及时发现解决各种问题, 避免各类事故的发生。

为确保以上八项措施落实到位, 实现“两节”期间安全生产, 这家公司加大责任追究和考核力度, 对出现安全事故的单位, 除按公司有关制度考核外, 还要严肃追究相关单位领导的责任。

http://www.hbjx.com.cn/cyportal2.0/template/site00_jxgf_art.jsp?article_id=bc82770c343fc37301348771393c6fb9&parent_id=bc82770c3359125c013363ceb0a20883&parentType=0&a1b2cc=7xaac

Date: December 29, 2011

**Jinxi Iron & Steel Co, Ltd ("Jinxi Steel") has taken eight measures
to ensure the safety production during the two festivals**

New Year's Day and Spring Festival will come. In order to ensure safety production during the two festivals and to let all staffs enjoy their happy and peaceful festivals, Jinxi Steel recently has made systemic arrangements to implement eight measures for preventing any accidents.

First, each the units shall establish a leading group of safety production with the top leader serving as the group leader, and the groups shall enhance its leadership and the responsibilities of the group members by forming a safety control system from left to right and from top to bottom. The groups shall also formulate safety control measures for the two festivals.

Second, the Regulation of Control System for Safety Hidden Dangers and the Regulation of Alcohol Prohibition shall be strictly implemented. All the hidden dangers found out shall be rectified immediately. For those hidden dangers which can not been rectified immediately, detailed precautionary measures shall be formulated, and inspections before and during the office hours shall be strengthened.

Third, the inspection of disciplines shall be enhanced.... (omitted) ...

Fourth, educational activities on safety shall be carried out before the festivals.... (omitted) ...

Fifth, regulations on overhauling activities and emergence maintenance in the nighttime shall be reinforced.... (omitted) ...

Sixth, monitoring on major hidden dangers shall be strengthened.... (omitted) ...

Seventh, "Four Prevention" shall be forcefully implemented to ensure the safety of humans and machines.

Eighth, management of technical renovation construction sites and outsiders, in order to find out and solve all kinds of problems and to avoid all the accidents.

In order to ensure that all the eight measures are well implemented for safety production during the two festivals, the Company will intensify responsibilities and assessments. If a safety accident occurs, the Company will not only tackle with the relevant unit according to related regulations and assessments, but also will investigate responsibilities of relevant leaders of the unit.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Maanshan Iron & Steel Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

PROPOSED ISSUANCE OF SHORT-TERM FINANCING BONDS

AND

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

LETTER FROM THE BOARD



馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

Executive Directors:

Su Jiangang (*Chairman*)

Qian Haifan

Ren Tianbao

Registered address:

No. 8 Jiu Hua Xi Road

Maanshan City

Anhui Province

the PRC

Non-Executive Director:

Zhao Jianming

Office address:

No. 8 Jiu Hua Xi Road

Maanshan City

Anhui Province

the PRC

Independent Non-Executive Directors:

Qin Tongzhou

Yang Yada

Wu Tat Man Damon Albert

6 July 2012

To the Shareholders

Dear Sir/Madam,

PROPOSED ISSUANCE OF SHORT-TERM FINANCING BONDS

AND

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

1. INTRODUCTION

The purpose of this circular is to provide you with details relating to (1) the proposed issuance of short-term financing bonds by Maanshan Iron & Steel Company Limited (the “Company”) and (2) the proposed amendments to the articles of association of the Company (the “Articles of Association”).

2. PROPOSED ISSUANCE OF SHORT-TERM FINANCING BONDS

To improve the debt structure and reduce financing costs, the Company intends to issue not more than RMB10 billion short-term financing bonds on the interbank market, subject to the compliance with laws, regulations, rules, normative documents and the requirements of regulators.

To improve the efficiency of the issuance of short-term financing bonds, the board of the Company (the “**Board**”) has made a request to the general meeting of shareholders to authorize the Board and its authorized persons to determine the specific terms and conditions for the issuance of the short-term financing bonds and other related matters in line with the Company’s needs, including but not limited to

LETTER FROM THE BOARD

the determination of the issuance of short-term financing bonds in one tranche or several tranches; the determination of the actual amount, interest rate, terms, ratings, purpose of proceeds raised and other matters with respect to the short-term financing bonds to be issued; the handling of examination and approval matters; the determination of intermediaries; the submission of application documents to and the obtaining of approval thereof from the regulators; the execution of all necessary documents during the issuance process of short-term financing bonds; and the making of relevant information disclosure.

The resolution made on the issuance of the short-term financing bonds at the general meeting shall be valid for 24 months from the date of approval at the general meeting to the date of the expiry of the “Registration Acceptance Notice” issued by the National Association of Financial Market Institutional Investors.

3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company proposes to amend its Articles of Association in accordance with the requirements of the China Securities Regulatory Commission and the Anhui Regulatory Bureau, and in line with the actual situations of the Company.

The proposed amendments are as follows:

- a. A new article is proposed to be added after Article 80 of the original Articles of Association as Article 81:

“Article 81: When a matter regarding the profits distribution, especially 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 shall report a resolution first, fully listen to the views of the minority shareholders, then vote on the resolution.”

Article numbers are renumbered hereafter.

- b. Article 85 of the original Articles of Association:

“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;

LETTER FROM THE BOARD

- (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) 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."

A new item is proposed to be added after item 7 as item 8. This article is amended as: "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) Adjust profit distribution policy, especially 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."

Item numbers are renumbered hereafter.

LETTER FROM THE BOARD

- c. A new article is proposed to be added after Article 105 of the original Articles of Association as Article 107:

“Article 107: In considering a matter regarding the profits distribution, especially cash dividends, the Board shall fully safeguard the legitimate rights of shareholders to returns on assets and other rights as a priority. A proposal shall be formed following special discussions on the returns of shareholders by the relevant departments, and be first submitted for consideration by the Board’s Audit Committee composed of all independent directors. After the Audit 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 Committee composed of all independent directors. After the Audit 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 numbers are renumbered hereafter.

- d. Article 126 of the original Articles of Association: “Independent directors should provide independent opinions or submit written reports to the board of directors or the shareholders’ general meeting on the following matters:
- (1) nomination, appointment and removal of directors;
 - (2) appointment or dismissal of senior management officers;
 - (3) remuneration for Company’s director and senior management officers;
 - (4) loans made by or other monetary transactions with shareholders or de factor controllers of the Company and their associated corporations which could be deemed as material connected transactions, and whether the Company is adopting effective measures to re-collect the debts;
 - (5) the Company’s external guarantees;
 - (6) revising the Company’s accounting policy or accounting evaluation or rectifying significant accounting discrepancy;

LETTER FROM THE BOARD

- (7) matters which in the opinion of the independent directors might impair the interests of minority shareholders;
- (8) other matters relating to laws, administrative regulations or orders of regulatory documents.

Independent directors shall express their opinions on the above-mentioned matters in this Article by indicating any of the following: agreement; reservation (with reasons); objection (with reasons); or inability to give an opinion and the limitations they are subject to.

If the matter concerned constitutes a discloseable event, the Company shall make announcements on the opinions of the independent directors. In case the independent directors fail to reach a consensus among themselves, the board of directors shall separately disclose the opinions of each of the independent directors.”

A new item is proposed to be added after item 6 as item 7. This article is amended as: “Independent directors should provide independent opinions or submit written reports to the board of directors or the shareholders’ general meeting on the following matters:

- (1) nomination, appointment and removal of directors;
- (2) appointment or dismissal of senior management officers;
- (3) remuneration for Company’s director and senior management officers;
- (4) loans made by or other monetary transactions with shareholders or de factor controllers of the Company and their associated corporations which could be deemed as material connected transactions, and whether the Company is adopting effective measures to re-collect the debts;
- (5) the Company’s external guarantees;
- (6) revising the Company’s accounting policy or accounting evaluation or rectifying significant accounting discrepancy;
- (7) Dividend distribution of the Company and the adjustment of profit distribution policy, especially cash dividend distribution policy;
- (8) matters which in the opinion of the independent directors might impair the interests of minority shareholders;
- (9) other matters relating to laws, administrative regulations or orders of regulatory documents.

Independent directors shall express their opinions on the above-mentioned matters in this Article by indicating any of the following: agreement; reservation (with reasons); objection (with reasons); or inability to give an opinion and the limitations they are subject to.

LETTER FROM THE BOARD

If the matter concerned constitutes a discloseable event, the Company shall make announcements on the opinions of the independent directors. In case the independent directors fail to reach a consensus among themselves, the board of directors shall separately disclose the opinions of each of the independent directors.”

Item numbers are renumbered hereafter.

- e. Article 184 of the original Articles of Association: “In the distribution of after-tax profits 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.

Subject to the principle of giving proper regard to both the need to generate reasonable investment return for shareholders and the need to fulfill reasonable funding requirements of the Company, 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. Cash dividend distribution policy should be maintained on a continuous and stable basis.

Where the Company or the board of directors distributes, in breach of the above clauses, dividends to shareholders before the Company has made up losses and made allocations to the statutory common reserve, such dividends distributed in breach of the above clauses shall be returned to the Company.”

Clause 4 is proposed to be amended. This article is amended as: “In the distribution of after-tax profits 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.

LETTER FROM THE BOARD

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.

Where the Company or the board of directors distributes, in breach of the above clauses, dividends to shareholders before the Company has made up losses and made allocations to the statutory common reserve, such dividends distributed in breach of the above clauses shall be returned to the Company.”

- f. Article 188 of the original Articles of Associate “The Company may distribute its dividend in the following forms: (1) cash; (2) shares.”

is proposed to be amended as: “Profit Distribution and Cash Dividends Distribution policies of the Company:

- (1) The profit distribution of the Company shall 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 in cash.
- (3) The Company shall maintain the continuity and stability of the policy on cash dividends. In case of having made profits for a year, it 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.
- (4) As for the annual profit distribution, the profits to be distributed in cash shall not be less than 30 per cent of the realized distributable profits available for that year. 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.”

- g. A new Article 43 is proposed to be added after Article 42 of the Appendices of the original Articles of Association of the Order of Meeting for Shareholders’ General Meeting of Maanshan Iron & Steel Company Limited:

“Article 43: When a matter regarding the distribution of profits, especially cash dividends, 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 shall report a resolution first, fully listen to the views of the minority shareholders, then vote on the resolution.”

LETTER FROM THE BOARD

Item numbers are renumbered hereafter.

- h. Article 3 of the Appendices of the original Articles of Association of the Order of Meeting:
“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 of the board of directors designated by the chairman.”

The second paragraph of item 3 of Clause 2 is proposed to be amended. This article is amended as: “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;

LETTER FROM THE BOARD

- (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 a director designated by the chairman.

- i. Article 6 of the Appendices of the original Articles of Association of the Order of Meeting: "The board of directors may convene an extraordinary 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.

On occurrence of any of the events set out in the preceding sub-clauses (2), (3), (4) and (5) where the chairman is unable to perform his/her duties, he/she should designate a vice-chairman or a director to convene the extraordinary board of directors' meeting on his/her behalf. Where the chairman fails to perform his/her duties with no reason and does not designate a specific person to act on his/her behalf, the vice-chairman or a director recommended by more than half of the directors shall be responsible for convening the meeting."

LETTER FROM THE BOARD

Clause 2 is proposed to be amended. This article is amended as: “The board of directors may convene an extraordinary 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.

On occurrence of any of the events set out in the preceding sub-clauses (2), (3), (4) and (5) where the chairman is unable to perform his/her duties, he/she should designate a director to convene the extraordinary board of directors’ meeting on his/her behalf. Where the chairman fails to perform his/her duties with no reason and does not designate a specific person to act on his/her behalf, a director recommended by more than half of the directors shall be responsible for convening the meeting.”

4. EXTRAORDINARY GENERAL MEETING

Pursuant to the Articles of Association and applicable laws, the proposed issuance of short-term financing bonds by the Company and the proposed amendments to the Articles of Association are subject to the approval of the shareholders of the Company by way of special resolution at the 2012 first extraordinary general meeting (“EGM”) to be held at the Magang Office Building, No.8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC, at 8:30 a.m. on Thursday, 23 August 2012.

5. RECOMMENDATION

The Board considers that (1) the proposed issuance of short-term financing bonds by the Company and (2) the proposed amendments to the Articles of Association are in the interest of the Company and the shareholders of the Company as a whole. Accordingly, the Board recommends that the shareholders in favour of the special resolutions, as detailed in the EGM notice.

Yours faithfully,
By Order of the Board
Maanshan Iron & Steel Company Limited
Ren Tianbao
Company Secretary

Interim Measures for the Administration of Comprehensive Performance Evaluation of Central Enterprises

Order of the State-owned Assets Supervision and Administration Commission of the State Council
(No.14)

The Interim Measures for the Administration of Comprehensive Performance Evaluation of Central Enterprises, which were adopted through discussion at the 38th executive meeting of the director of State-owned Assets Supervision and Administration Commission of the State Council, are hereby promulgated, and shall come into force as of May 7, 2006.

Director of the State-owned Assets Supervision and Administration Commission of the State Council: Li Rongrong

April 7, 2006

Interim Measures for the Administration of Comprehensive Performance Evaluation of Central Enterprises

Chapter I General Provisions

Article 1 With a view to strengthening financial supervision over the enterprises (hereinafter referred to as enterprises) whose investment contribution duties are preformed by the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as the SASAC), regulating the work for comprehensive performance evaluation of enterprises, and comprehensively reflecting the operating quality of enterprise assets, promoting to improve the level of capital returns, and correctly guiding the operation acts of enterprises, the present Measures are formulated in accordance with the Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises and the relevant state provisions.

Article 2 Comprehensive Performance Evaluation, as mentioned in the present Measures, shall refer to the comprehensive judgment on profit-earning abilities of an enterprise in special operation period, on assets quality, risk of debts, operation increase, and management conditions thereof by the basic method of analysis on input and output and through establishing a comprehensive evaluation index system, and comparing corresponding industrial evaluation standard.

Article 3 The comprehensive performance evaluation on enterprises shall include tenure performance evaluation and annual performance evaluation upon the need of audit on economic liability and financial supervision work.

1. Tenure performance evaluation shall refer to the comprehensive judgment conducted on the person in charge of an enterprise for his business achievement and management status during his tenure.
2. Annual performance evaluation shall refer to the comprehensive judgment conducted on the business achievement of an enterprise in a fiscal year.

Article 4 With a view to ensuring that the work for comprehensive performance evaluation be objective, just, and fair, and effectively bringing into play the overall judgment, management diagnosis, and behavior guide to enterprises, the work for comprehensive performance evaluation shall be carried out on the basis of the financial statements audited by social intermediary institutions.

As to any enterprise that does not make auditing by social intermediary institutions as required, its work for comprehensive performance evaluation shall be carried out on the basis of the financial statements audited by the internal auditing institution of the enterprise.

Article 5 The following principles shall be followed for carrying out the work for comprehensive performance evaluation on enterprises:

1. Overall principle. Comprehensive performance evaluation on enterprises shall be conducted on the various factors that may affect enterprise performance level by making multi-level and multi-angle analysis and comprehensive judgment through establishing a comprehensive index system.
2. Objectivity principle. Comprehensive performance evaluation on enterprises shall sufficiently embody the characteristics of market competition environment, and judge the business achievement and management status of the enterprises in an objective and just manner on the basis of the domestic industrial standard or international industrial standard that are measured uniformly in the same period.
3. Benefit principle. Comprehensive performance evaluation on enterprises shall focus on the examination of the level of return on investment, and apply the basic method of analysis on input and output, and truly reflect the assets operation efficiency of enterprises and capital maintenance and appreciation.
4. Development principle. Comprehensive performance evaluation on enterprises shall, on the basis of comprehensively reflecting the annual financial status and business achievements of enterprises, objectively analyze the increase and development level of the enterprises among the years, and predict the future development ability of the enterprises in a scientific way.

Article 6 The SASAC shall organize to carry out the work for comprehensive performance evaluation on enterprises according to the present Measures, and make guidance and supervision over the work for internal performance evaluation on enterprises.

Chapter II Contents of Evaluation and Evaluation Indexes

Article 7 Comprehensive performance evaluation on enterprises shall consist of two parts: quantitative evaluation on financial performance and qualitative evaluation on management performance.

Article 8 Quantitative evaluation on financial performance shall refer to quantitative comparative analysis and judgment on profit-earning ability, assets quality, risk of debts, and business increase of an enterprise in a certain period.

1. The analysis and judgment on profit-earning ability of an enterprise shall comprehensively reflect the level of input and output of the enterprise and the profit earning-quality and cash

guarantee through capital and assets remuneration level, level of cost and expense control, and operational cash flow status, and other financial indexes.

2. The analysis and judgment on assets quality of an enterprise shall comprehensively reflect the efficiency of the use of economic resources possessed by the enterprise, assets management level and the security of the assets of the enterprise through assets turnover, assets running status, assets structure, and the efficiency of assets, and other financial indicators.

3. The analysis and judgment on the debt risk of an enterprise shall comprehensively reflect the level of debts of the enterprise, solvency, and the debt risk faced by it through the level of debt burden, structure of assets and liabilities, contingent liabilities, and cash solvency.

4. The analysis and judgment on the business increase of an enterprise shall comprehensively reflect the business increase level and the strength for future development of the enterprise through sales increase, capital accumulation, change of benefit, technical input, and other financial indexes.

Article 9 The quantitative evaluation indexes of financial performance shall be divided into basic index and modified index according to the functions and roles of the various indexes.

1. Basic index reflects the major aspects of financial performance of an enterprise in a certain period, and draws a conclusion of the quantitative evaluation on financial performance of the enterprise.

2. Modified index makes up and corrects the evaluation result of basic index according to the differences and complementariness of financial indexes.

Article 10 Qualitative evaluation on management performance shall refer to the qualitative analysis and comprehensive judgment on the operation and management level of an enterprise in a certain period through expert review on the basis of quantitative evaluation on financial performance of the enterprise.

Article 11 Qualitative evaluation index of management performance shall include the establishment and execution of enterprise development strategy, business decision making, development innovation, risk control, base management, human resources, industrial impact, and social contributions, and other aspects.

Article 12 The quantitative evaluation index of financial performance and the qualitative evaluation index of management performance of an enterprise constitute the system of comprehensive performance evaluation index of the enterprise. The weight of each index shall be determined through referring to the consultant expert's opinions and organizing necessary test on the basis of the importance of the evaluation indexes and the guiding functions of each index.

Chapter III Evaluation Standard and Evaluation Method

Article 13 The standard of comprehensive performance evaluation on an enterprise shall include the standard for quantitative evaluation on financial performance and the standard for qualitative evaluation on management performance.

Article 14 The standard for quantitative evaluation on financial performance shall include domestic

industrial standard and international industrial standard.

1. Domestic industrial standard shall be measured uniformly on the basis of the statistical data for annual finance and operation and management by adopting the method of mathematical statistics and promulgated by year, industry, and scale.

2. International industrial standard shall be measured and promulgated on the basis of the actual value of the relevant financial indexes of large enterprises that rank leading internationally in the industry, or on the basis of the advanced value of the relevant financial indexes of the same type of enterprises after getting rid of the difference of business accounting.

Article 15 The classification on the industries subject to the standard of quantitative evaluation on financial performance shall be made in accordance with the industrial classification for national economic activities as promulgated by the state uniformly in combination with the reality of the enterprises.

Article 16 The standard of quantitative evaluation on financial performance may measure out five levels respectively: excellent value, good value, average value, lower value, and worse value on the basis of different industries, different scales and types of indexes.

Article 17 A large enterprise group shall, when making evaluation by adopting domestic standards, make evaluation by adopting international standard positively, and make pairwise comparison on international advanced levels.

Article 18 The standard of qualitative evaluation on management performance shall be formulated and promulgated uniformly through combining the actual level of operation and management of the enterprises and the supervision requirements of capital contributors on the basis of the evaluation contents, and divided into such five levels as superior, good, medium, low, and bad. The standard of qualitative evaluation on management performance shall not be divided by industry, and shall be provided only to the evaluation experts for reference.

Article 19 The actual value of the relevant financial indexes of the quantitative evaluation on financial performance of an enterprise shall be based on the audited financial statements of the enterprise, and shall make reasonable elimination on the difference of accounting policies, acquisition and reorganization of the enterprise, and other objective factors as required, so as to ensure the comparability of the evaluation result.

Article 20 The score of quantitative evaluation on financial performance shall be measured on the basis of the actual value of the evaluation index of an enterprise by comparing the industry and scale standard the enterprise lies in and by using prescribed scoring model.

The score of qualitative evaluation on management performance shall be determined on the basis of the actual conditions of the relevant factors of management performance of the enterprise during the period of evaluation by referring to the standard of qualitative evaluation on management performance.

Article 21 The score of quantitative evaluation on tenure financial performance of an enterprise shall be made on the basis of financial auditing result of the economic liabilities by using the evaluation standard of each year during the tenure, and the score of quantitative evaluation on

tenure financial performance of the enterprise shall be reckoned by using arithmetic average method.

Chapter IV Organization of the Evaluation Work

Article 22 The work of comprehensive performance evaluation on enterprises shall be organized and implemented in light of the principle of "Unifying the method, unifying the standard, and implementing through classification".

1. The work for tenure performance evaluation is an important component of the work for economic liability audit of enterprises, and shall be organized and implemented in accordance with the procedures of SASAC for the work for audit of economic liabilities.
2. The work for annual performance evaluation is an important content of the work for annual financial supervision carried out by SASAC, and shall be organized and implemented in light of the working procedures for settlement of annual financial accounts and the requirements for financial supervision work of SASAC.

Article 23 SASAC shall undertake the following duties in the work for comprehensive performance evaluation on enterprises:

1. Formulating systems and policies of comprehensive performance evaluation on enterprises;
2. Establishing and improving comprehensive performance evaluation index system of enterprises and evaluation methods;
3. Formulating and promulgating the standard for comprehensive performance evaluation on enterprises;
4. Organizing the implementation of the work for tenure and annual comprehensive performance evaluation on enterprises, and circulating a report on the evaluation result; and
5. Guiding and supervising over the work for internal performance evaluation on enterprises.

Article 24 The work for tenure performance evaluation may be carried out upon the need of the work for audit on economic liabilities of enterprises by engaging social intermediary institutions to give assistance and cooperation. The social intermediary institution that gives cooperation upon entrustment shall undertake the following functions in the work for comprehensive performance evaluation on enterprises:

1. Carrying out the work for auditing on financial bases of each year during the tenure upon entrustment;
2. Assisting in the examination and adjustment on basic data of evaluation each year during the tenure;
3. Assisting in measuring the result of quantitative evaluation on financial performance during the tenure
4. Assisting in gathering and collecting the materials of qualitative evaluation on management performance; and

5. Assisting in the implementation of the work for qualitative evaluation on management performance.

Article 25 The work for qualitative evaluation on management performance shall be organized and implemented on the basis of the work for quantitative evaluation on financial performance by engaging senior experts in the departments of supervision, industrial associations, research institutions, and social agencies. The experts of management performance evaluation shall undertake the following work functions:

1. Issuing expert opinions on the result of quantitative evaluation on financial performance of enterprises;
2. Making analysis and judgment on the actual conditions of the management performance of enterprises;
3. Making review on the management performance conditions of enterprises and issuing consultation and advisory opinions; and
4. Determining the score of qualitative evaluation index of management performance of enterprises.

Article 26 An enterprise shall undertake the following functions in the work for comprehensive performance evaluation:

1. Providing the relevant annual final statements and audit report;
2. Providing the relevant materials needed for qualitative evaluation on management performance; and
3. Organizing to carry out the work for comprehensive performance evaluation on its subsidiaries.

Chapter V Evaluation Result and Evaluation Report

Article 27 The evaluation result shall refer to the evaluation conclusions drawn on the basis of the scores of and analysis on comprehensive performance evaluation.

Article 28 The scores of comprehensive performance evaluation shall be expressed by hundred mark system, and include such five grades as superior, good, medium, low, and bad.

Article 29 In the comprehensive performance evaluation on enterprises, comparison and analysis shall be made on the change of performance in different years, so as to evaluate the extent of improvement on the business achievement and management level of the enterprises.

1. Tenure performance evaluation uses the evaluation result in the last year during the tenure to compare with the evaluation result of the last year in the previous tenure.
2. Annual performance evaluation uses the evaluation result of the current year to compare with the evaluation result of the last year.

Article 30 Tenure performance evaluation result is an important basis for evaluating the fulfillment of duties by the person in charge of an enterprise during his tenure and for determining the tenure economic liabilities in the work for audit of economic liabilities, and

provides reference for the work of tenure examination on the person in charge of the enterprise.

Article 31 The result of annual performance evaluation is an important basis for carrying out financial supervision work, and provides reference for the work of annual examination on the persons in charge of the enterprises.

Article 32 The report of comprehensive performance evaluation on enterprises is the document which is compiled on the basis of evaluation result, and reflects the performance status of the enterprises under evaluation, and consists of the main body of the report and the attachment.

1. The main body of the report of comprehensive performance evaluation on enterprises shall specify the basis of evaluation, process of evaluation, evaluation result, and the major matters need to be stated.
2. The attachment of the report of comprehensive performance evaluation on enterprises shall include: analysis report on management performance, evaluation scoring form, analysis on the result of questionnaire, expert consultation and advisory opinions, and etc., of which: the analysis report on management performance shall make analysis and diagnosis on the management performance status of enterprises, factors affecting management performance thereof, and the existing problems, and bring forward relevant management suggestions.

Article 33 The problems revealed and reflected in the comprehensive performance evaluation on enterprises shall be fed back to enterprises in a timely manner, and the enterprises shall be required to pay attention to them.

1. Any problem reflected in the tenure performance evaluation shall be clarified in the handling opinions on the audit of economic liabilities transferred to the enterprises, and the enterprises shall be required to pay attention to it and make correction.
2. Any problem reflected in the annual performance evaluation shall be clarified in the reply of annual final statements, and the enterprises shall be required to pay attention to it and make correction.

Chapter VI Work Liabilities

Article 34 An enterprise shall provide real and overall basic data materials of performance evaluation, and the main person in charge of the enterprise, the general accountant, or the person in charge of financial and accounting work shall be responsible for the truthfulness of the annual financial statements and the relevant basic evaluation materials.

Article 35 The institutions that carry out the business of comprehensive performance evaluation on enterprises upon entrustment and the relevant working staff thereof shall strictly implement the provisions on the work of comprehensive performance evaluation on enterprises, regulate technical operations, ensure the independence, objectiveness and justness of evaluation process, and the properness of evaluation conclusions, and shall strictly keep business secrets of the enterprises. If any institution or personnel participate in making false evaluation, violating procedures and work rules, and resulting in the inconsistency of the evaluation conclusions with the facts and revealing of business secrets of enterprises, SASAC shall no longer entrust it/him to undertake the business of comprehensive performance evaluation on enterprises, and shall

circulate a report on the relevant information to the organ in charge of the industry, and suggest giving it/him corresponding punishment.

Article 36 The relevant staff members of the SASAC shall, when organizing to carry out the work for comprehensive performance evaluation on enterprises, earnestly abide by their duties, regulate the procedures, and strengthen guidance. Any of them who fails to fulfill his duty or plays favoritism and commits irregularities during the process of comprehensive performance evaluation, which results in grave negligence in the work shall be given disciplinary punishment.

Article 37 The engaged review experts shall know of and analyze the management performance conditions of the enterprises carefully, and make review and scoring objectively and justly, and bring forward reasonable consulting opinions. If any expert is careless and unjust in the process of management performance evaluation, which results in the inconsistency of the evaluation result or consulting opinions with the actual conditions of the enterprises, and has a detrimental impact on the evaluation work, SASAC shall no longer engage him as the review expert.

Chapter VII Supplementary Provisions

Article 38 The Detailed Rules for the Implementation of Comprehensive Performance Evaluation on Central Enterprises and the evaluation standards formulated in accordance with the present Measures shall be promulgated additionally.

Article 39 An enterprise may formulate concrete working rules on the basis of the present Measures for carrying out the work for internal comprehensive performance evaluation.

Article 40 The present Measures shall be referred to for carrying out the work of comprehensive performance evaluation by state-owned assets supervision and administration organs at each locality.

Article 41 The present Measures shall be implemented as of May 7, 2006.

国务院国有资产监督管理委员会令

第 14 号

《中央企业综合绩效评价管理暂行办法》已经国务院国有资产监督管理委员会第 38 次主任办公会议审议通过，现予公布，自 2006 年 5 月 7 日起施行。

国务院国有资产监督管理委员会主任 李荣融

二〇〇六年四月七日

中央企业综合绩效评价管理暂行办法

第一章 总 则

第一条 为加强对国务院国有资产监督管理委员会（以下简称国资委）履行出资人职责企业（以下简称企业）的财务监督，规范企业综合绩效评价工作，综合反映企业资产运营质量，促进提高资本回报水平，正确引导企业经营行为，根据《企业国有资产监督管理暂行条例》和国家有关规定，制定本办法。

第二条 本办法所称综合绩效评价，是指以投入产出分析为基本方法，通过建立综合评价指标体系，对照相应行业评价标准，对企业特定经营期间的盈利能力、资产质量、债务风险、经营增长以及管理状况等进行的综合评判。

第三条 企业综合绩效评价根据经济责任审计及财务监督工作需要，分为任期绩效评价和年度绩效评价。

（一）任期绩效评价是指对企业负责人任职期间的经营成果及管理状况进行综合评判。

（二）年度绩效评价是指对企业一个会计年度的经营成果进行综合评判。

第四条 为确保综合绩效评价工作的客观、公正与公平，有效发挥对企业的全面评判、管理诊断和行为引导作用，开展综合绩效评价工作应当以经社会中介机构审计后的财务会计报告为基础。

按规定不进行社会中介机构审计的企业，其综合绩效评价工作以经企业内部审计机构审计后的财务会计报告为基础。

第五条 开展企业综合绩效评价工作应当遵循以下原则：

（一）全面性原则。企业综合绩效评价应当通过建立综合的指标体系，对影响企业绩效水平的各种因素进行多层次、多角度的分析和综合评判。

（二）客观性原则。企业综合绩效评价应当充分体现市场竞争环境特征，依据统一测算的、同一期间的国内行业标准或者国际行业标准，客观公正地评判企业经营成果及管理状况。

（三）效益性原则。企业综合绩效评价应当以考察投资回报水平为重点，运用投入产出分析基本方法，真实反映企业资产运营效率和资本保值增值水平。

（四）发展性原则。企业综合绩效评价应当在综合反映企业年度财务状况和经营成果的基础上，客观分析企业年度之间的增长状况及发展水平，科学预测企业的未来发展能力。

第六条 国资委依据本办法组织实施企业综合绩效评价工作，并对企业内部绩效评价工作进行指导和监督。

第二章 评价内容与评价指标

第七条 企业综合绩效评价由财务绩效定量评价和管理绩效定性评价两部分组成。

第八条 财务绩效定量评价是指对企业一定期间的盈利能力、资产质量、债务风险和经营增长四个方面进行定量对比分析和评判。

（一）企业盈利能力分析与评判主要通过资本及资产报酬水平、成本费用控制水平和经营现金流量状况等方面的财务指标，综合反映企业的投入产出水平以及盈利质量和现金保障

状况。

（二）企业资产质量分析与评判主要通过资产周转速度、资产运行状态、资产结构以及资产有效性等方面的财务指标，综合反映企业所占用经济资源的利用效率、资产管理水平与资产的安全性。

（三）企业债务风险分析与评判主要通过债务负担水平、资产负债结构、或有负债情况、现金偿债能力等方面的财务指标，综合反映企业的债务水平、偿债能力及其面临的债务风险。

（四）企业经营增长分析与评判主要通过销售增长、资本积累、效益变化以及技术投入等方面的财务指标，综合反映企业的经营增长水平及发展后劲。

第九条 财务绩效定量评价指标依据各项指标的功能作用划分为基本指标和修正指标。

（一）基本指标反映企业一定期间财务绩效的主要方面，并得出企业财务绩效定量评价的基本结果。

（二）修正指标是根据财务指标的差异性和互补性，对基本指标的评价结果作进一步的补充和矫正。

第十条 管理绩效定性评价是指在企业财务绩效定量评价的基础上，通过采取专家评议的方式，对企业一定期间的经营管理水平进行定性分析与综合评判。

第十一条 管理绩效定性评价指标包括企业发展战略的确立与执行、经营决策、发展创新、风险控制、基础管理、人力资源、行业影响、社会贡献等方面。

第十二条 企业财务绩效定量评价指标和管理绩效定性评价指标构成企业综合绩效评价指标体系。各指标的权重，依据评价指标的重要性和各指标的引导功能，通过参照咨询专家意见和组织必要测试进行确定。

第三章 评价标准与评价方法

第十三条 企业综合绩效评价标准分为财务绩效定量评价标准和管理绩效定性评价标

准。

第十四条 财务绩效定量评价标准包括国内行业标准和国际行业标准。

（一）国内行业标准根据国内企业年度财务和经营管理统计数据，运用数理统计方法，分年度、分行业、分规模统一测算并发布。

（二）国际行业标准根据居于行业国际领先地位的大型企业相关财务指标实际值，或者根据同类型企业组相关财务指标的先进值，在剔除会计核算差异后统一测算并发布。

第十五条 财务绩效定量评价标准的行业分类，按照国家统一颁布的国民经济行业分类标准结合企业实际情况进行划分。

第十六条 财务绩效定量评价标准按照不同行业、不同规模及指标类别，分别测算出优秀值、良好值、平均值、较低值和较差值五个档次。

第十七条 大型企业集团在采取国内标准进行评价的同时，应当积极采用国际标准进行评价，开展国际先进水平的对标活动。

第十八条 管理绩效定性评价标准根据评价内容，结合企业经营管理的实际水平和出资人监管要求，统一制定和发布，并划分为优、良、中、低、差五个档次。管理绩效定性评价标准不进行行业划分，仅提供给评议专家参考。

第十九条 企业财务绩效定量评价有关财务指标实际值应当以经审计的企业财务会计报告为依据，并按照规定对会计政策差异、企业并购重组等客观因素进行合理剔除，以保证评价结果的可比性。

第二十条 财务绩效定量评价计分以企业评价指标实际值对照企业所处行业、规模标准，运用规定的计分模型进行定量测算。

管理绩效定性评价计分由专家组根据评价期间企业管理绩效相关因素的实际情况，参考管理绩效定性评价标准，确定分值。

第二十一条 对企业任期财务绩效定量评价计分应当依据经济责任财务审计结果,运用各年度评价标准对任期各年度的财务绩效进行分别评价,并运用算术平均法计算出企业任期财务绩效定量评价分数。

第四章 评价工作组织

第二十二条 企业综合绩效评价工作按照“统一方法、统一标准、分类实施”的原则组织实施。

(一) 任期绩效评价工作,是企业经济责任审计工作的重要组成部分,依据国资委经济责任审计工作程序和要求组织实施。

(二) 年度绩效评价工作,是国资委开展企业年度财务监督工作的重要内容,依据国资委年度财务决算工作程序和财务监督工作要求组织实施。

第二十三条 国资委在企业综合绩效评价工作中承担以下职责:

- (一) 制定企业综合绩效评价制度与政策;
- (二) 建立和完善企业综合绩效评价指标体系与评价方法;
- (三) 制定和公布企业综合绩效评价标准;
- (四) 组织实施企业任期和年度综合绩效评价工作,通报评价结果;
- (五) 对企业内部绩效评价工作进行指导和监督。

第二十四条 任期绩效评价工作可以根据企业经济责任审计工作需要,聘请社会中介机构协助配合开展。受托配合的社会中介机构在企业综合绩效评价工作中承担以下职责:

- (一) 受托开展任期各年度财务基础审计工作;

（二）协助审核调整任期各年度评价基础数据；

（三）协助测算任期财务绩效定量评价结果；

（四）协助收集整理管理绩效定性评价资料；

（五）协助实施管理绩效定性评价工作。

第二十五条 管理绩效定性评价工作应当在财务绩效定量评价工作的基础上，聘请监管部门、行业协会、研究机构、社会中介等方面的资深专家组织实施。管理绩效评价专家承担以下工作职责：

（一）对企业财务绩效定量评价结果发表专家意见；

（二）对企业管理绩效实际状况进行分析和判断；

（三）对企业管理绩效状况进行评议，并发表咨询意见；

（四）确定企业管理绩效定性评价指标分值。

第二十六条 企业在综合绩效评价工作中承担以下职责：

（一）提供有关年度财务决算报表和审计报告；

（二）提供管理绩效定性评价所需的有关资料；

（三）组织开展子企业的综合绩效评价工作。

第五章 评价结果与评价报告

第二十七条 评价结果是指根据综合绩效评价分数及分析得出的评价结论。

第二十八条 综合绩效评价分数用百分制表示，并分为优、良、中、低、差五个等级。

第二十九条 企业综合绩效评价应当进行年度之间绩效变化的比较分析，客观评价企业经营成果与管理水平的提高程度。

（一）任期绩效评价运用任期最后年度评价结果与上一任期最后年度评价结果进行对比。

（二）年度绩效评价运用当年评价结果与上年评价结果进行对比。

第三十条 任期绩效评价结果是经济责任审计工作中评估企业负责人任期履行职责情况和认定任期经济责任的重要依据，并为企业负责人任期考核工作提供参考。

第三十一条 年度绩效评价结果是开展财务监督工作的重要依据，并为企业负责人年度考核工作提供参考。

第三十二条 企业综合绩效评价报告是根据评价结果编制、反映被评价企业绩效状况的文件，由报告正文和附件构成。

（一）企业综合绩效评价报告正文应当说明评价依据、评价过程、评价结果，以及需要说明的重大事项。

（二）企业综合绩效评价报告附件包括经营绩效分析报告、评价计分表、问卷调查结果分析、专家咨询意见等，其中：经营绩效分析报告应当对企业经营绩效状况、影响因素、存在的问题等进行分析和诊断，并提出相关管理建议。

第三十三条 对企业综合绩效评价揭示和反映的问题，应当及时反馈企业，并要求企业予以关注。

（一）对于任期绩效评价反映的问题，应当在下达企业的经济责任审计处理意见书中明确指出，并要求企业予以关注和整改。

(二) 对于年度绩效评价结果反映的问题,应当在年度财务决算批复中明确指出,并要求企业予以关注和整改。

第六章 工作责任

第三十四条 企业应当提供真实、全面的绩效评价基础数据资料,企业主要负责人、总会计师或主管财务会计工作的负责人应当对提供的年度财务会计报表和相关评价基础资料的真实性负责。

第三十五条 受托开展企业综合绩效评价业务的机构及其相关工作人员应严格执行企业综合绩效评价工作的规定,规范技术操作,确保评价过程独立、客观、公正,评价结论适当,并严守企业的商业秘密。对参与造假、违反程序和工作规定,导致评价结论失实以及泄露企业商业秘密的,国资委将不再委托其承担企业综合绩效评价业务,并将有关情况通报其行业主管机关,建议给予相应处罚。

第三十六条 国资委的相关工作人员组织开展企业综合绩效评价工作应当恪尽职守、规范程序、加强指导。对于在综合绩效评价过程中不尽职或者徇私舞弊,造成重大工作过失的,给予纪律处分。

第三十七条 所聘请的评议专家应当认真了解和分析企业的管理绩效状况,客观公正地进行评议打分,并提出合理的咨询意见。对于在管理绩效评价过程中不认真、不公正,出现评议结果或者咨询意见不符合企业实际情况,对评价工作造成不利影响的,国资委将不再继续聘请其为评议专家。

第七章 附 则

第三十八条 根据本办法制定的《中央企业综合绩效评价实施细则》和评价标准另行公布。

第三十九条 企业开展内部综合绩效评价工作,可依据本办法制定具体的工作规范。

第四十条 各地区国有资产监督管理机构开展综合绩效评价工作,可参照本办法执行。

第四十一条 本办法自 2006 年 5 月 7 日起施行。

Appendix 14

CODE ON CORPORATE GOVERNANCE PRACTICES

This Code on Corporate Governance Practices sets out the principles of good corporate governance, and two levels of recommendations: (a) code provisions; and (b) recommended best practices.

Issuers are expected to comply with, but may choose to deviate from, the code provisions. The recommended best practices are for guidance only. Issuers may also devise their own code on corporate governance practices on such terms as they may consider appropriate.

Issuers must state whether they have complied with the code provisions set out in this Code for the relevant accounting period in their interim reports (and summary interim reports, if any) and annual reports (and summary financial reports, if any).

Every issuer must carefully review each code provision set out in this Code and, where the issuer deviates from any of the code provisions, the issuer must give considered reasons:

- (a) in the case of annual reports (and summary financial reports), in the Corporate Governance Report which must be issued in accordance with Appendix 23; and*
- (b) in the case of interim reports (and summary interim reports), either:*
 - (i) by giving considered reasons for each deviation; or*
 - (ii) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report, and providing details of any changes together with considered reasons for any deviation not reported in that annual report. Such references must be clear and unambiguous and the interim report (or summary interim report) must not only contain a cross-reference without any discussion of the matter.*

In the case of the recommended best practices, issuers are encouraged, but are not required, to state whether they have complied with them and give considered reasons for any deviation.

**PRINCIPLES OF GOOD GOVERNANCE, CODE PROVISIONS
AND RECOMMENDED BEST PRACTICES**

A. DIRECTORS

A.1 The Board

Principle

An issuer should be headed by an effective board which should assume responsibility for leadership and control of the issuer and be collectively responsible for promoting the success of the issuer by directing and supervising the issuer's affairs. Directors should take decisions objectively in the interests of the issuer.

Code Provisions

A.1.1 The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected that such regular board meetings will normally involve the active participation, either in person or through other electronic means of communication, of a majority of directors entitled to be present. Accordingly, a regular meeting does not include the practice of obtaining board consent through the circulation of written resolutions.

A.1.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.

A.1.3 Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

A.1.4 All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

A.1.5 Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and such minutes should be open for inspection at any reasonable time on reasonable notice by any director.

A.1.6 Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes of board meetings should be sent to all directors for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.

A.1.7 There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the issuer.

A.1.8 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee (except an appropriate board committee set up for that purpose pursuant to a resolution passed in a board meeting) but a board meeting should be held. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting.

Notes: 1 Directors are reminded of the requirement under rule 13.44 that they must abstain from voting on any board resolution in which they or any of their associates have a material interest and that they shall not be counted in the quorum present at the board meeting. The existing exceptions to the general voting prohibition are currently set out in note 1 to Appendix 3 .

2 Such exceptions to the general voting prohibition should also be taken into account when considering whether a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board. If the relevant exceptions apply, a regular board meeting need not be held. For this purpose, please refer to A.1.1 for the meaning of a regular board meeting.

Recommended Best Practices

A.1.9 An issuer should arrange appropriate insurance cover in respect of legal action against its directors.

A.1.10 Board committees should adopt, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8.

A.2 Chairman and Chief Executive Officer

Principle

There are two key aspects of the management of every issuer - the management of the board and the day-to-day management of the issuer's business. There should be a clear division of these responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code Provisions

A.2.1 The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Note: Under paragraphs 2(c)(vii) and 2(d) of Appendix 23, issuers must disclose in their Corporate Governance Report the identity of the chairman and the chief executive officer and whether these two roles are segregated and the nature of any relationship (including financial, business, family or other material/relevant relationship(s)), if any, among members of the board and in particular, between the chairman and the chief executive officer.

A.2.2 The chairman should ensure that all directors are properly briefed on issues arising at board meetings.

A.2.3 The chairman should be responsible for ensuring that directors receive adequate information, which must be complete and reliable, in a timely manner.

Recommended Best Practices

A.2.4 One of the important roles of the chairman is to provide leadership for the board. The chairman should ensure that the board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the board in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate such responsibility to a designated director or the company secretary.

A.2.5 The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established.

A.2.6 The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the issuer.

A.2.7 The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

A.2.8 The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the board as a whole.

A.2.9 The chairman should facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.

A.3 Board composition

Principle

The board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The board should ensure that changes to its composition can be managed without undue disruption. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

- Notes:*
- 1 *Under rule 3.10, every board of directors of a listed issuer must include at least three independent non-executive directors.*
 - 2 *Guidelines on independence of independent non-executive directors are set out in rule 3.13.*

Code Provisions

A.3.1 The independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the issuer.

Note: Under paragraph 2(c)(i) of Appendix 23, issuers must disclose the composition of the board, by category of directors, including names of chairman, executive directors, non-executive directors and independent non-executive directors in the Corporate Governance Report.

Recommended Best Practices

A.3.2 An issuer should appoint independent non-executive directors representing at least one-third of the board.

A.3.3 An issuer should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.

A.4 Appointments, re-election and removal

Principle

There should be a formal, considered and transparent procedure for the appointment of new directors to the board. There should be plans in place for orderly succession for appointments to the board. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

Code Provisions

A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election.

Note: Under paragraph 2(e) of Appendix 23, issuers must disclose the term of appointment of non-executive directors in the Corporate Governance Report.

A.4.2 All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Notes: 1 The names of all directors submitted for election or re-election must be accompanied by the same biographical details as required for newly appointed directors set out in rule 13.51(2) (including other directorships held in listed public companies in the last three years and other major appointments) to enable shareholders to make an informed decision on their election.

2 If a director resigns or is removed from office, an issuer must comply with the disclosure requirements in rule 13.51(2) and include in its announcement about the director's resignation or removal the reasons given by the director for his resignation (including but not limited to information relating to a relevant director's disagreement with the issuer, if any, and a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders).

Recommended Best Practices

A.4.3 Serving more than nine years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by shareholders. The board should set out to shareholders in the papers accompanying a resolution to elect such an independent non-executive director the reasons they believe that the individual continues to be independent and why he should be re-elected.

A.4.4 Issuers should establish a nomination committee. A majority of the members of the nomination committee should be independent non-executive directors.

A.4.5 The nomination committee should be established with specific written terms of reference which deal clearly with the committee's authority and duties. It is recommended that the nomination committee should discharge the following duties:-

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes;
- (b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated for directorships;
- (c) assess the independence of independent non-executive directors; and
- (d) make recommendations to the board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

A.4.6 The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board.

Notes: 1 This requirement could be met by making it available on request and by including the information on the issuer's website.

2 Under paragraph 2(g)(i) of Appendix 23, issuers must explain the role of the nomination committee (if any) in the Corporate Governance Report.

A.4.7 The nomination committee should be provided with sufficient resources to discharge its duties.

A.4.8 Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent.

A.5 Responsibilities of directors

Principle

Every director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

Note: These duties are summarised in “Non-statutory Guidelines of Directors’ Duties” issued by the Companies Registry in January 2004. In determining whether a director has met the requisite standard of care, skill and diligence expected of him, courts will generally have regard to a number of factors. These include the functions that are to be performed by the director concerned, whether the director is a full-time executive director or a part-time non-executive director and the professional skills and knowledge of the director concerned.

Code Provisions

A.5.1 Every newly appointed director of an issuer should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary, to ensure that he has a proper understanding of the operations and business of the issuer and that he is fully aware of his responsibilities under statute and common law, the Exchange Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the issuer.

A.5.2 The functions of non-executive directors should include but should not be limited to the following:

- (a) participating in board meetings of the issuer to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
- (d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

A.5.3 Every director should ensure that he can give sufficient time and attention to the affairs of the issuer and should not accept the appointment if he cannot do so.

A.5.4 Directors must comply with their obligations under the Model Code set out in Appendix 10 and, in addition, the board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the issuer. For this purpose, "relevant employee" includes any employee of the issuer or a director or employee of a subsidiary or holding company of the issuer who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the issuer or its securities.

Recommended Best Practices

A.5.5 All directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to help ensure that their contribution to the board remains informed and relevant. The issuer should be responsible for arranging and funding a suitable development programme.

A.5.6 Each director should disclose to the issuer at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. The board should determine for itself how frequently such disclosure should be made.

A.5.7 Non-executive directors, as equal board members, should give the board and any committees on which they serve such as the audit, remuneration or nomination committees the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

A.5.8 Non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.

A.6 Supply of and access to information

Principle

Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as directors of an issuer.

Code Provisions

A.6.1 In respect of regular board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other period as agreed).

A.6.2 Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil his duties properly a director may not in all circumstances be able to rely purely on what is volunteered by management and further enquiries may be required. Where any director requires more information than is volunteered by management, he should make further enquiries where necessary. The board and each director should have separate and independent access to the issuer's senior management.

Notes: 1 The information provided should include background or explanatory information relating to matters to be brought before the board, copies of disclosure documents, budgets, forecasts and monthly and other relevant internal financial statements. In respect of budgets, any material variance between the projections and actual results must also be disclosed and explained.

2 For the purpose of this Code, "senior management" should refer to the same category of persons as referred to in the issuer's annual report and is required to be disclosed under paragraph 12 of Appendix 16.

A.6.3 All directors are entitled to have access to board papers and related materials. Such papers and related materials should be prepared in such form and quality as will enable the board to make an informed decision on matters placed before it. Where queries are raised by directors, steps must be taken to respond as promptly and fully as possible.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B.1 The level and make-up of remuneration and disclosure

Principle

An issuer should disclose information relating to its directors' remuneration policy and other remuneration related matters. There should be a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors. Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No director should be involved in deciding his own remuneration.

Notes: 1 Under paragraph 24B of Appendix 16, issuers are required to give a general description of the emolument policy and long-term incentive schemes of the group as well as the basis of determining the emolument payable to their directors.

2 Under paragraph 24 of Appendix 16, directors' fees and any other reimbursement or emolument payable to a director must be disclosed in full in the annual reports and accounts of the issuer on an individual and named basis.

Code Provisions

B.1.1 Issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

B.1.2 The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

B.1.3 The terms of reference of the remuneration committee should include, as a minimum, the following specific duties: -

- (a) to make recommendations to the board on the issuer's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

Note: For the purpose of this Code, "senior management" should refer to the same category of persons as referred to in the issuer's annual report and is required to be disclosed under paragraph 12 of Appendix 16.

- (b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

Note: Please refer to the Note to B.1.3(a) of this Code for the definition of "senior management".

- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time;
- (d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer;

Note: Please refer to the Note to B.1.3(a) of this Code for the definition of "senior management".

- (e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Note: The remuneration committee shall advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under rule 13.68.

B.1.4 The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

Notes: 1 This requirement could be met by making it available on request and by including the information on the issuer's website.

2 Under paragraph 2(f)(i) of Appendix 23, issuers must explain the role of the remuneration committee (if any) in the Corporate Governance Report.

B.1.5 The remuneration committee should be provided with sufficient resources to discharge its duties.

Recommended Best Practices

B.1.6 A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

B.1.7 Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports and accounts.

Notes: 1 Issuers should disclose details of any remuneration payable to members of senior management. Such disclosure should be to the same standard as that required for directors of issuers under paragraph 24 of Appendix 16.

2 For the purpose of this Code, "senior management" should refer to the same category of persons as referred to in the issuer's annual report and is required to be disclosed under paragraph 12 of Appendix 16.

B.1.8 Where the board resolves to approve any remuneration or compensation arrangements which the remuneration committee has previously resolved not to approve, the board must disclose the reasons for its resolution in its next annual report.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Code Provisions

C.1.1 Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.

Note: Issuers are reminded of their obligation to comply with the financial reporting and disclosure requirements set out in the Exchange Listing Rules. Failure to comply with such requirements constitutes a breach of the Exchange Listing Rules.

C.1.2 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts, and there should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. When the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the issuer's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information so as to enable investors to understand the severity and significance of the matters at hand. To the extent that it is reasonable and appropriate, the issuer may refer to the other relevant parts of the annual report. Any such references should be clear and unambiguous and the Corporate Governance Report should not only contain a cross-reference without any discussion of the matter.

C.1.3 The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Exchange Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Recommended Best Practices

C.1.4 An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter, disclosing such information as would enable shareholders to assess the performance, financial position and prospects of the issuer. Any such quarterly financial reports should be prepared using the accounting policies applied to the issuer's half-year and annual accounts.

C.1.5 Once an issuer decides to announce and publish its quarterly financial results, it should continue to adopt quarterly reporting for each of the first 3 and 9 months periods of subsequent financial years. Where the issuer decides not to announce and publish its financial results for a particular quarter, it should publish an announcement to disclose the reason(s) for such decision.

C.2 Internal controls

Principle

The board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

Code Provisions

C.2.1 The directors should at least annually conduct a review of the effectiveness of the system of internal control of the issuer and its subsidiaries and report to shareholders that they have done so in their Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions.

C.2.2 The board's annual review should, in particular, consider the adequacy of resources, qualifications and experience of staff of the issuer's accounting and financial reporting function, and their training programmes and budget.

Recommended Best Practices

C.2.3 The board's annual review should, in particular, consider:

- (a) the changes since the last annual review in the nature and extent of significant risks, and the issuer's ability to respond to changes in its business and the external environment;
- (b) the scope and quality of management's ongoing monitoring of risks and of the system of internal control, and where applicable, the work of its internal audit function and other providers of assurance;

- (c) the extent and frequency of the communication of the results of the monitoring to the board (or board committee(s)) which enables it to build up a cumulative assessment of the state of control in the issuer and the effectiveness with which risk is being managed;
- (d) the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and
- (e) the effectiveness of the issuer's processes relating to financial reporting and Listing Rule compliance.

C.2.4 Issuers should disclose as part of the Corporate Governance Report a narrative statement how they have complied with the code provisions on internal control during the reporting period. The disclosures should also include the following items:

- (a) the process that an issuer has applied for identifying, evaluating and managing the significant risks faced by it;
- (b) any additional information to assist understanding of the issuer's risk management processes and system of internal control;
- (c) an acknowledgement by the board that it is responsible for the issuer's system of internal control and for reviewing its effectiveness;
- (d) the process that an issuer has applied in reviewing the effectiveness of the system of internal control; and
- (e) the process that an issuer has applied to deal with material internal control aspects of any significant problems disclosed in its annual reports and accounts.

C.2.5 Issuers should ensure that their disclosures provide meaningful information and do not give a misleading impression.

C.2.6 Issuers without an internal audit function should review the need for one on an annual basis and should disclose the outcome of such review in the issuers' Corporate Governance Report.

C.3 Audit Committee

Principle

The board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors. The audit committee established by an issuer pursuant to the Exchange Listing Rules should have clear terms of reference.

Code Provisions

C.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the audit committee meetings should be sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

C.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of the issuer's audit committee for a period of 1 year commencing on the date of his ceasing:

- (a) to be a partner of the firm; or
- (b) to have any financial interest in the firm,

whichever is the later.

C.3.3 The terms of reference of the audit committee should include at least the following duties:-

Relationship with the issuer's auditors

- (a) to be primarily responsible for making recommendation to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

Note: Issuers are reminded that rule 13.51(4) requires an announcement to be published when there is a change of auditors. The announcement must also include a statement as to whether there are any matters that need to be brought to holders of securities of the issuer.

- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The audit committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The audit committee should report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

Review of financial information of the issuer

- (d) to monitor integrity of financial statements of an issuer and the issuer's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the issuer's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the board, the committee should focus particularly on: -
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Exchange Listing Rules and other legal requirements in relation to financial reporting;
- (e) In regard to (d) above:-
 - (i) members of the committee must liaise with the issuer's board of directors and senior management and the committee must meet, at least once a year, with the issuer's auditors; and

- (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the issuer's financial reporting system and internal control procedures

- (f) to review the issuer's financial controls, internal control and risk management systems;
- (g) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the issuer's accounting and financial reporting function, and their training programmes and budget;
- (h) to consider any findings of major investigations of internal control matters as delegated by the board or on its own initiative and management's response;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor the effectiveness of the internal audit function;
- (j) to review the group's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the board on the matters set out in this code provision; and
- (n) to consider other topics, as defined by the board.

Notes: The following are only intended to be suggestions as to how compliance with the above code provision may be achieved and do not form part of the code provision.

- 1 The audit committee may wish to consider establishing the following procedure to review and monitor the independence of external auditors: -*
 - (i) consider all relationships between the issuer and the audit firm (including the provision of non-audit services);*
 - (ii) seek from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current requirements regarding rotation of audit partners and staff; and*
 - (iii) meet with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.*
- 2 The audit committee may wish to consider agreeing with the board the issuer's policies relating to the hiring of employees or former employees of the external auditors and monitor the application of such policies. The audit committee should then be in a position to consider whether in the light of this there has been any impairment or appearance of impairment, of the auditor's judgement or independence in respect of the audit.*
- 3 The audit committee would normally be expected to ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity. When assessing the external auditor's independence or objectivity in relation to the provision of non-audit services, the audit committee may wish to consider:*
 - (i) whether the skills and experience of the audit firm make it a suitable supplier of the non-audit services;*
 - (ii) whether there are safeguards in place to ensure that there is no threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the external auditor;*

(iii) *the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit firm; and*

(iv) *the criteria which govern the compensation of the individuals performing the audit.*

- 4 *For further guidance on the duties of an audit committee, issuers may refer to the “Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor’s Independence” issued by the Technical Committee of the International Organization of Securities Commissions in October 2002 and “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in February 2002. Issuers may also adopt the terms of reference set out in those guides, or they may adopt any other comparable terms of reference for the establishment of an audit committee.*

C.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

Notes: 1 This requirement could be met by making it available on request and by including the information on the issuer’s website.

- 2 Under paragraph 2(i)(i) of Appendix 23, issuers must explain the role of the audit committee in the Corporate Governance Report.*

C.3.5 Where the board disagrees with the audit committee’s view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.

C.3.6 The audit committee should be provided with sufficient resources to discharge its duties.

Recommended Best Practices

C.3.7 The terms of reference of the audit committee should also require the audit committee:

- (a) to review arrangements by which employees of the issuer may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and

- (b) to act as the key representative body for overseeing the issuer's relation with the external auditor.

D. DELEGATION BY THE BOARD

D.1 Management functions

Principle

An issuer should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the issuer.

Code Provisions

D.1.1 When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the board before making decisions or entering into any commitments on behalf of the issuer.

Note: The board should not delegate matters to a board committee, executive directors or management to an extent that would significantly hinder or reduce the ability of the board as a whole to discharge its functions.

D.1.2 An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

Note: Under paragraph 2(c)(iv) of Appendix 23, issuers must include in their Corporate Governance Report a statement of how the board operates, including a high level statement of which types of decisions are to be taken by the board and which are to be delegated to management.

Recommended Best Practices

D.1.3 An issuer should disclose the division of responsibility between the board and management to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the board and management.

D.1.4 Directors should clearly understand delegation arrangements in place. To that end, issuers should have formal letters of appointment for directors setting out the key terms and conditions relative to their appointment.

D.2 Board Committees

Principle

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Code Provisions

D.2.1 Where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.

D.2.2 The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

Principle

The board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

Code Provisions

E.1.1 In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting.

Note: An example of a substantially separate issue is the nomination of persons as directors. Accordingly, each such person should be nominated by means of a separate resolution.

E.1.2 The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another

member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

E.1.3 The issuer should arrange for the notice to shareholders to be sent in the case of annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings.

E.2 Voting by Poll

Principle

The issuer should ensure that shareholders are familiar with the detailed procedures for conducting a poll.

Code Provisions

E.2.1 The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

Circular of Shanghai Stock Exchange concerning Issuing the Guidelines of Shanghai Stock Exchange for the Internal Control of Listed Companies

All listed companies,

In order to push forward and direct the listed companies to set up a sound internal control system, enhance the risk management level of companies and protect the legitimate rights and interests of investors, the Guidelines of Shanghai Stock Exchange for the Internal Control of Listed Companies are instituted by this Stock Exchange according to the Company Law, Securities Law, Circular of the State Council on Approving and Forwarding the Opinions of China Securities Regulatory Commission concerning Promoting the Quality of Listed Companies, other laws, regulations and regulatory documents, and the Rules of Shanghai Stock Exchange concerning the Listing of Stocks, and hereby are promulgated for implementation.

Shanghai Stock Exchange
June 5, 2006

Guidelines of Shanghai Stock Exchange for the Internal Control of Listed Companies

Chapter I General Provisions

Article 1 In order to push forward and direct the listed companies to set up a sound internal control system, enhance the security management level of the companies and protect the legitimate rights and interests of investors, the Guidelines of Shanghai Stock Exchange for the Internal Control of Listed Companies are formulated by this Stock Exchange according to the Company Law, Securities Law, Circular of the State Council concerning Approving and Forwarding the Opinions of China Securities Regulatory Commission concerning Promoting the Quality of Listed Companies, other laws, regulations and regulatory documents, and the Rules of Shanghai Stock Exchange concerning the Listing of Stocks.

Article 2 The term "internal control" refers to the related rules and arrangements which are made for the management of the risks underlying the strategies making and business operating of a listed company to ensure the realization of the strategic aims of the company. It is an activity in which the board of directors, the management level and the staff jointly take part.

Article 3 According to the laws, administrative regulations, departmental rules and regulations, and the provisions of this Stock Exchange concerning the listing of stocks, any company listed in this Stock Change shall set up and perfect a sound internal control system, shall ensure the completeness, reasonableness and effectiveness in practicing of the internal control system to enhance the effectiveness and effect in company operations ,promote the reliability of the information disclosed by the company to ensure the lawfulness and regulation compliance of the acts of the company.

Article 4 The establishment, the effective implementation, and the inspection and supervision of a sound internal control system of the company shall be in the charge of the board of directors of a company. The board of directors and all its members shall ensure that the contents of the information disclosure concerning the internal control are genuine, exact and complete.

Chapter II Framework of Internal Control

Article 5 A company shall try best to make the internal control system comprehensive and complete, and make arrangements at least in the aspects as follows:

1 The aspect of the company

2 The aspect of the departments and the affiliated companies of the company and

3 The aspect of the business links of the company.

Article 6 When setting up and carrying out the internal control system, a company shall take into consideration of the basic elements as follows:

1 The expression "to set a goal" means that the board of directors and the management level set a strategic aim in the light of the security preferences of the company.

2 The term "internal environment" refers to the organizational culture and other comprehensive factors affecting the staff's awareness of the securities, such as the perspectives of the staff on the securities, the security management concept and security preferences of the management level, the occupational and professional ethic norms and working environment, the attention paid to the securities and the directions on the securities given by the board of directors and the board of supervisors.

3 The term "confirmation of securities" means that the board of directors and the management level makes confirmation on the internal and external security factors causing affect on the realization of the aim of the company.

4 The term "security evaluation" means that the board of directors and the management level make sure the security management methods according to the likeliness and consequences of the security factors.

5 The expression "selection of security management strategies" means that the board of directors and the management level make choices on the security management strategies according to the security bearing ability and the security preferences.

6 The term "control activities" refers to the system and procedures to ensure the effective implementation of the security management strategies, consisting of the approval, authorization, verification, adjustment, review, periodic check, recording and checking up, functional division, asset preservation, performance evaluation, etc.

The term "information communication" refers to the course during which the information resulting from the planning, implementation, supervision and other management activities is provided to the users timely and

The term "inspection and supervision" refers to the course during which the company exams itself and supervise the running of internal control.

Article Based on satisfying the overall strategic aims, a company shall set up related internal control systems for its subordinate departments and affiliated companies, as well as its business links.

Article In general, the internal control of a company shall cover all business links in the business operation activities, which shall include but not be limited to:

1 The link of sale of goods and receipt of payments for goods, consisting of the conducting of orders, credit management, transport and delivery of goods, issuance of invoices for the goods sold, confirmation of income and receivables, received cash payments and the records thereof, etc.

2 The link of purchase and payment, consisting of the procurement application, conducting of procurement orders, check and acceptance of goods, filling out check and acceptance report or dealing with the goods returned, the record on accounts payable, check and approval of payments, cash payments and records thereof, etc.

3 The link of production, consisting of the production plan to be made, issuance of checklist of materials to be used, storage of raw materials, bringing into operation, calculation of production costs of inventories,

calculation of costs of goods sold, quality control, etc.

4 The link of management on fixed assets, consisting of the self-construction, purchase, disposal, maintenance, preservation and record of the fixed assets, etc.

5 The link of management on monetary fund, consisting of the entries, transfer out, recording, reporting of the monetary fund, authorization to the cashier and financial accountants, etc.

6 The link of relevant transactions, consisting of the definition of the related parties, the pricing, authorization, implementation, reporting and record of relevant transactions.

7 The link of guaranty and financing, consisting of the authorization, enforcement, recording, etc concerning the borrowing, guaranty, acceptance, leasing, issuance of new stocks and issuance of bonds.

8 The link of investment, consisting of the resolutions, enforcement, preservation, recording, etc concerning the investments in the negotiable securities, stock right, real property, operating assets, financial derivatives, and other long term and short term investments, entrusted financing, and the use of funds raised,

9 The link of research and development, consisting of the basic research, design of products, development of technology, test of products, record of research and development, as well as preservation of documents. and

10 The link of personnel management, consisting of the employment and conclusion of employment contracts, training, leave, overtime work, leaving post, dismissal, retirement, time calculation, calculation of salaries and wages, calculation of individual income tax and all withholding items, records of wages and salaries, payments for salaries and wages, check on work attendance records, evaluation, etc.

When formulating internal control system, a company may modulate the business links in accordance with the sector in which the company founds itself and its production and business operation features.

Article The internal control system of a company shall not only consist of the control of all links of the business activities, but also the management rules concerning the business activities of each link, which consist of but not be limited to: the management of use of seals, receipt and use of instruments, budget management, asset management, quality management, guaranty management, post authorization and agent rules, regular communication rules, information disclosure management rules, as well as rules concerning the management of affiliated companies.

Article 10 If using the computer-aided information system, a company shall also institute internal control rules concerning the information management. The internal control rules concerning the information management shall at least cover the contents as follows:

1 The division of functions between the information processing department and information using departments

2 The division of the functions and duties of information processing department

3 The control of development of the system and modification of procedures

4 The control of procedures, access of materials, and data processing

5 The safety control of archives, equipment and information and

6 The control of the public information disclosure activities to be implemented through the website of this Stock Exchange or through the website of the company.

Article 11 In the light of the relevant provisions of the finance administrative department of the state, a company shall set up internal accounting control rules.

Article 12 A company in the finance sector or in any other special sector shall set up an internal control system, but also be governed by the provisions of the related competent departments.

Article 13 According to its own business features, a company shall set up an internal control system. This

Stock Exchange encourages it to employ an intermediary institution to help it set up an internal control system.

Chapter III Internal Control of Special Risks

Section □□ Management and Control of Affiliated Companies

Article 14 A company shall manage and control its controlling subsidiaries mainly in the aspects as follows:

- 1□ To set up a control structure for its controlling subsidiaries according to the law, to determine the main clauses of the articles of association of the controlling subsidiaries, as well as to select directors, supervisors, managers and financial principal□
- 2□ To coordinate the business strategies and security management strategies of its controlling subsidiaries and security management strategies in accordance with the strategic plan of the company, and to urge its controlling subsidiaries to make related business operation plan and security management procedures□
- 3□ To institute rules concerning the evaluation, incentives and restraints of the business performances of its controlling subsidiaries□
- 4□ To institute policies and procedures concerning the business competition and relevant transactions among the parent company and the subsidiaries□
- 5□ To institute an internal reporting system of the important matters of its controlling subsidiaries. The important matters shall consist of, but not be limited to, development plans and budgets, important investments, purchase and sale of assets, provision of financial aids, provision of guaranties to others, investments into the securities and financial derivatives, conclusion of important contracts, as well as foreign exchange security management of its overseas controlling subsidiaries. and
- 6□ To regularly get monthly financial reports and management reports of its controlling subsidiaries, and entrust an accounting firm to audit the financial reports of its controlling subsidiaries in accordance with the related provisions.

Article 15 A company shall make evaluation on implementing, and inspecting and supervising the internal control system of its controlling subsidiaries.

Article 16 □ With reference to the above□ mentioned re□uirements, a company shall arrange the internal control system of its branch companies, and the joint stock companies which is with an important affect.

Section □ Internal Control of Transactions of Financial □erivatives

Article 1□ A company which takes part in transactions of financial derivatives shall first make evaluation on its own security control capability and set up a related internal control system. The transactions of financial derivatives shall consist of, but not be limited to, futures transactions, options transactions, forward transactions and swap transactions on the basis of commodities or securities.

Article 1□ The board of directors of a company shall have the full realization about the nature and security of the transactions of financial derivatives and shall make a reasonable determination about the security limits and related transaction parameters of the financial derivatives based on the security bearing capability of the company.

Article 1□ According to the re□uirements as follows, a company shall carry out internal control over the transactions of financial derivatives:

- 1□ To reasonably set up an aim for transactions of financial derivatives, and hedging strategies□

2 To set up rules concerning the implementation of transactions of financial derivatives, consisting of policies and procedures for the qualifications, evaluation, security remoteness, implementation, stop loss, record and reports of the traders

3 To set up a security reporting system for the transactions of financial derivatives, consisting of the authorization, implementation, contingent assets, potential security, hedging strategies and other details of transactions and

4 To set up a security management system for transactions of financial derivatives, consisting of the policies and procedures for the organizational setup, duties, records and reports.

Section Internal Control of Other Risks

Article 20 According to the industrial characteristics, strategic aims and different security management strategies, a company shall make related internal control arrangements for the particular securities.

Article 21 A company shall set up a crisis management and control system.

Chapter I Inspection and Supervision of Internal Control

Article 22 A company shall inspect the implementation of its internal control system regularly or irregularly. Upon the inspection and supervision over the internal control system, the board of directors and management level shall find whether there are any defects in the internal control system and whether there are any problems in the implementation thereof, and improve it in time in order to ensure the effective implementation thereof.

Article 23 A company shall make a determination about a special functional department to take charge of the routine inspection and supervision of internal control and shall, in accordance with the related provisions and the actual circumstances of the company, arrange full time personnel for the inspection and supervision of internal control. A company may arrange the organizational setup of this functional department according to its own organizational structure and the industrial characteristics.

The "special functional department" mentioned in the preceding paragraph hereinafter referred to as the "inspection and supervision department" may make a direct report to the board of directors. The board of directors may determine the appointment and dismissal of the person in charge of this department.

Article 24 A company shall set up measures to inspect and supervise the internal control, which shall at least cover:

1 The authorization granted by the board of directors or related institution concerning the inspection and supervision of internal control

2 The cooperative obligations of the departments and subordinate institutions of the company in the inspection and supervision of internal control

3 The items, time, procedures and methods for the inspection and supervision of internal control

4 The means of reporting of the work of inspection and supervision of internal control

5 The division of the responsibilities concerning the work of inspection and supervision of internal control and

6 The incentive system for the inspection and supervision of internal control.

Article 25 In accordance with its own business operation features, a company shall set up an annual plan concerning the inspection and supervision of internal control and make it serve as the basis for evaluating the running of internal control.

The important matters, such as the purchase and sale of assets, relevant transactions, transactions of derivatives, financial aids offered, guaranties given to others, use of fund raised, entrusted financing, shall be considered as indispensable items in the plan concerning the inspection and supervision of internal control by a company.

Article 26 A report on the work of inspection and supervision of internal control shall be handed in to the board of directors by an inspection and supervision department at the end of a year and half a year.

In accordance with the business operation features of the company, the board of directors of a company shall make requirements for the contents and formats of a report concerning the work of inspection and supervision of internal control.

Article 27 The board of directors of a company shall guide the work of inspection and supervision of internal control, and review the report concerning the work of inspection and supervision of internal control handed in by the inspection and supervision department. If there is an audit committee under the board of directors of the company, the aforesaid work may be conducted by the audit committee.

Article 28 In the report concerning the work of inspection and supervision of internal control, the inspection and supervision personnel shall reflect the defects of internal control and the problems occurring in the implementation thereof according to the facts, and track them after reporting them to the board of directors in order to make sure that the related department has taken appropriate improvement measures in time.

The defects of internal control and the problems occurring in the exercise thereof referred to in the preceding paragraph shall be listed by the company as important items for the performance evaluation of all departments.

Article 29 The working materials of inspection and supervision department, consisting of the reports concerning the work of inspection and supervision of internal control, working papers and related materials, shall be preserved for 10 years or more.

Chapter 4 Information Disclosure of Internal Control

Article 30 During the inspection and supervision of internal control, if a company finds that there is any serious defect or severe security in the internal control, it shall report it to the board of directors in time. The board of directors of the company shall report it to this Stock Exchange in time and shall make an announcement in time upon confirmation of this Stock Exchange.

In the public announcement the company shall explain the links wherein defects may appear in the internal control, the aftermaths and related liabilities and the remedial measures therefore.

Article 31 According to the report on the work of inspection and supervision of internal control and related information, the board of directors shall make evaluation on the establishment and implementation of internal control system of the company and make a report concerning the self-evaluation of internal control. The board of directors of the company shall make a resolution about the report concerning the self-evaluation of internal control when it deliberates the annual financial report.

There is an audit committee under the board of directors of a company, the audit committee may make a draft report concerning the self-evaluation of internal control and hand in it to the board of directors for deliberation.

Article 32 When disclosing the annual report, the board of directors of a company shall, at the same time, disclose the annual report concerning the self-evaluation of internal control and the verification and evaluation opinions of the accounting firm on the report concerning the self-evaluation of internal control.

Article 33 The report concerning the self-evaluation of internal control of a company shall at least cover the following contents:

- 1 Whether or not an internal control system has been set up and perfect
- 2 Whether or not the internal control system is carried out effectively
- 3 The circumstances concerning the work of inspection and supervision of internal control
- 4 The serious securities occurred in the internal control system and during the period of implementation thereof, and how to conduct the serious securities
- 5 The evaluation of completion of the plan concerning the work of inspection and supervision of internal control for this year
- 6 Related measures on improving internal control system and
- 7 The plan concerning the internal control of the related work for the next year.

An accounting firm shall make verification and evaluation on the reports concerning the self-evaluation of internal control of companies according to the related provisions of the competent organ.

Chapter I Supplementary Provisions

Article 34 This Stock Exchange shall be responsible for the interpretation of these Guidelines.

Article 35 These Guidelines shall go into effect as of July 1, 2015.

http://www.hkexnews.
hk/listedco/listconews/
SEHK/2011/0427/
LTN20110427993.pdf

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited accept no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss or damage suffered by or from or in reliance upon the whole or any part of the contents of this announcement.



馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Maanshan Iron & Steel Company Limited (the “Company”) will be held at Magang Guest House, No. 2 Xi Yuan Road, Maanshan City, Anhui Province, the PRC at 9:00 a.m. on Wednesday, 15 June 2011.

The AGM will consider the following resolutions:

Ordinary resolutions:

1. To consider and approve the work report of the board of directors for the year 2010;
2. To consider and approve the work report of the supervisory committee for the year 2010;
3. To consider and approve the audited financial statements for the year 2010;
4. **To consider and approve the profit distribution plan for the year 2010;**
5. To consider and approve the appointment of Ernst & Young Hua Ming as the Company's auditor for the year 2011, and to authorise the board of directors to determine the remuneration of the auditor based on that in 2010;
6. To consider and approve the Company's “Twelfth Five-year” Development Strategy and Plan;

Special resolutions:

7. To consider and approve the resolution on the issuance of corporate bonds (the AGM will consider and vote on the resolution and Item (1) to Item (9) of the resolution item by item);

In order to further improve the debt structure, broaden the financing channels, meet the capital requirements and reduce the financing costs of the Company, the Company proposes a public issuance of corporate bonds (the “Issuance”) in PRC in accordance with the Company Law, the Securities Law, “Measures for the Pilot Scheme on the Issuance of Corporate Bonds” and other relevant laws and regulations in combination with the analysis and comparison of the current bond market as well as the capital requirements of the Company. The specific proposal is as follows:

- (1) Size of the issuance

The size of the public issuance of corporate bonds will not be more than RMB5.5 billion. The shareholders’ general meeting shall authorise the Board to determine the specific size of the issuance within the aforesaid range based on the details of the Company’s capital requirements and the market conditions at the time of the issuance.

- (2) Arrangements for placement with the Company’s holders of A shares

The corporate bonds in the public issuance may be placed with holders of A shares of the Company. The shareholders’ general meeting shall authorise the Board to determine the specific placement arrangements (including whether the placement will proceed or not, placement ratio, and so forth) based on the market conditions at the time of the issuance.

- (3) Term of bonds

The term of the corporate bonds of the Issuance will not be more than ten years. The shareholders’ general meeting shall authorize the Board to determine the specific term prior to the issuance based on the market conditions and the details of the Company’s capital requirements.

- (4) Use of proceeds

Proceeds from the Issuance of corporate bonds will be used to improve the debt structure, to pay the Company’s debts and to replenish the working capital. The shareholders’ general meeting shall authorise the Board to determine the specific uses of the proceeds within the aforesaid range based on the details of the Company’s capital requirements.

(5) Venue of listing

Upon completion of the Issuance of corporate bonds, the Company will file an application as soon as possible with the Shanghai Stock Exchange for the listing of the corporate bonds. Subject to the approval by the regulatory authorities, the corporate bonds may also be listed on other stock exchanges permitted under the applicable laws.

(6) Terms of guarantee

The shareholders' general meeting shall authorise the Board to determine the arrangements for providing a guarantee for the Issuance of corporate bonds.

(7) Validity of the resolution

The resolution on the Issuance of corporate bonds is valid for 36 months from the date of considering and approving the resolutions at the general meeting.

(8) Matters authorised to the Board in respect of the Issuance:

The shareholders' general meeting shall authorise the Board and the authorized person of the Board to handle the following matters related to the issuance of corporate bonds with full authority, in accordance with the relevant laws and regulations of the Company Law, the Securities Law and "Measures for the Pilot Scheme on the Issuance of Corporate Bonds" as well as other relevant requirements of the Articles of Association and in line with the prevailing market conditions on the basis of the principle of safeguarding the maximum interests of shareholders, including but not limited to:

- A. formulate a specific proposal on the Issuance of the corporate bonds, and amend and modify the terms of the Issuance of the corporate bonds in accordance with the State laws and regulations as well as relevant rules of the securities regulatory authorities and the resolutions passed at the shareholders' general meeting and in line with the actual situations of the Company and the market, including but not limited to all matters related to the terms of the Issuance such as the specific size of the issuance, the term of the bonds, the type of the bonds, the interest rate of the bonds and the method of determining such interest rate, the scheduling of issuance (including whether the issuance is made in tranches, the number of tranches, and so forth), the guarantee plan, whether innovative provisions such as put and call provisions will be set, rating arrangements, specific subscription methods, specific placement arrangements, the duration and methods of repayment of the principal and interests thereon and the listing of the bonds;

- B. engage intermediaries to handle the filing of an application for the Issuance of the corporate bonds, and the listing of the corporate bonds upon completion of the Issuance, including but not limited to authorising, executing, performing, amending and completing all the necessary documents, contracts, agreements and pacts (including but not limited to prospectus, sponsorship agreements, underwriting agreements, bond trusteeship agreements, listing agreements, all announcements and other legal documents, and so forth) related to the issuance and listing of the corporate bonds, and making relevant information disclosure in accordance with the laws, regulations and other regulatory documents;
- C. select a bond trustee for the corporate bonds in the Issuance, sign a bond trusteeship agreement and formulate rules for bondholders' meetings;
- D. make relevant modifications on the specific proposal on the Issuance of the corporate bonds and related matters based on the views of the regulatory authorities in the event of changes in the policy of the regulatory authorities regarding the issuance of corporate bonds or changes in the market conditions, except for matters which are required to be re-voted upon at the shareholders' general meeting in accordance with relevant laws, regulations and the Articles of Association of the Company;
- E. handle other specific matters related to the Issuance and the listing of the corporate bonds;
- F. this authorisation commences from the date of consideration and approval by the shareholders' general meeting until the date of completion of the handling of the aforesaid matters so authorised.

The Board of the Company hereby requests the shareholders' general meeting to approve the Board to authorise one of the Company's Directors as the authorised person for the Issuance to specifically handle matters related to the Issuance according to the resolutions passed at the shareholders' general meeting and the Board's authorisation.

The aforesaid authorised person has the right to handle the matters related to the Issuance and Listing on behalf of the Company during the course of the Issuance according to the scope of authorisation specified in the resolutions passed at the shareholders' general meeting and the further authorisation of the Board in the scope of the authorisation by the shareholders' general meeting.

(9) Protective measures for paying debts

The shareholders' general meeting shall authorise the Board to take the following measures in the event that it is expected not to be able to pay the principal and interests of the bonds on schedule or it is not able to pay the principal and interests of the bonds on schedule when they are due:

- A. not distribute profits to the shareholders;
 - B. suspend major foreign investments, mergers or acquisitions as well as other capital expenditure projects;
 - C. deduct or cease the payment of wages and bonuses of directors and senior management;
 - D. not transfer main responsible persons.
8. To consider and approve the amendments to the articles of association of the Company and its appendix "Rules of Procedures for General Meeting" (details of which are set out in the Appendix I to the Company's circular dated 29 April 2011), and to propose to the shareholders' general meeting to authorise the board of directors to make appropriate modifications to the wordings of the amendments to the articles of association pursuant to the requirements of the relevant authorities and to carry out other related matters;

Review Item:

9. To listen to independent directors' report on work.

By Order of the Board of Directors
Gao Haijian
Secretary to the Board of Directors

27 April 2011
Maanshan City, Anhui Province, the PRC

As at the date of this notice, the directors of the Company include:

Executive Directors: Gu Jianguo, Su Jiangang, Gao Haijian and Hui Zhigang
Non-executive Director: Zhao Jianming
Independent Non-executive Directors: Wong Chun Wa, Su Yong, Hui Leung Wah and Han Yi

Notes:

I. Persons entitled to attend the AGM

Persons who hold H shares of the Company and are registered as holders of H shares on the register of members maintained by The Hong Kong Registrars Limited as at the market close in the afternoon of Monday, 16 May 2011 shall have the right to attend the AGM after completing the registration procedures for attending the meeting. (Holders of A shares will be notified separately.)

II. Registration procedures for attending the AGM

1. Holders of H shares shall deliver their written replies for attending the AGM, copies of transfers, share certificates or copies of receipts of share transfer and copies of their own identity cards to the Company by no later than Thursday, 26 May 2011. If proxies are appointed by shareholders to attend the meeting, they shall, in addition to the aforementioned documents, deliver the proxy forms and copies of their own identity cards to the Company.
2. Shareholders can deliver the necessary documents for registration to the Company in one of the following ways: in person, by post or by facsimile. Upon receipt of such documents, the Company will complete the registration procedures for attending the AGM.

III. Appointing Proxies

1. Shareholders who have the right to attend and vote at the AGM are entitled to appoint in writing one or more proxies (whether a shareholder or not) to attend the AGM and vote on their behalves.
2. The instrument of appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign or other documents of authorisation must be notarially certified. The notarially certified power of attorney or other documents of authorisation and proxy forms must be delivered to the registered office of the Company by not less than 24 hours before the time appointed for the holding of the AGM in order for such documents to be valid.

IV. Shareholders or their proxies attending the AGM shall be responsible for their own accommodation and travel expenses.

V. The Company's register of members for H shares will be closed from Tuesday, 17 May 2011 to Wednesday, 15 June 2011 (both days inclusive), during which period no transfer of H shares will be registered. Holders of H shares who wish to be entitled to attend the AGM and the payment of the final dividend of 2010 must deliver their instruments of transfer together with the relevant share certificates to The Hong Kong Registrars Limited, the Registrar of H shares of the Company, by no later than 4:00 p.m. on Monday, 16 May 2011.

The address of the Registrar for the Company's H shares: Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Share registration date for holders of A shares will be announced later.

VI. Company's registered address: No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, The PRC, postal code: 243003

Telephone: 86-555-2888158

Fax: 86-555-2887284

Contact persons: Ms. He Hongyun, Mr. Xu Yayan

**Interim Regulation on the Board of Supervisors of State-owned Enterprises
(Excerpt)**

Article1 For purpose of improving the supervisory mechanism of state-owned enterprises and strengthening supervision over state-owned enterprises (SOE), this regulation is formulated.

Article2 Board of supervisors of major large-sized SOEs (hereinafter “the board of supervisors”) are dispatched by and responsible to the State Council, and are in charge of supervising maintenance and appreciation in state-owned asset value of the major large-sized SOEs.

Regarding candidate name list of major large-sized SOEs to which the State Council dispatches a board of supervisors, the governing institution of the board of supervisors may propose and submit one to the State Council for decision.

Article 3 The board of supervisors shall focus on supervision of financial record, and conduct supervision over the financial activities of the enterprises and the business management acts of persons-in-charge of the enterprises so as to ensure no encroachment on the state-owned assets and the relevant rights and interests attached to the assets under the relevant laws, regulations, as well as the relevant provisions of the Ministry of Finance.

The relationship between the board of supervisors and the enterprises shall be that between the supervisor and the supervised. The board of supervisors shall not involve in nor interfere with the business decision-making and business management activities of the enterprises.

Article4 (omitted)

Article5 The board of supervisors perform the following functions:

- (1) to check the enterprises' implementation of the relevant laws, regulations, and rules;
- (2) to check the financial record of the enterprises, consult their financial and accounting materials as well as materials relating to its other business operations respectively, verify truthfulness and legality of the financial statements;
- (3) to check the financial performance, profit distribution, state-owned asset value maintenance and appreciation, capital flow of the enterprises; and

(4) to check business management activities of persons-in-charge of the enterprises, to evaluate the business management performances, and to put forward proposals of award, punishment, appointment and dismissal.

Article6 (omitted)

Article7 The board of supervisors may carry out supervision and inspection by way of:

(1) listening to reports by the persons-in-charge of the enterprises about the relevant status of financial affairs, assets, and business management, to hold meetings in enterprises in regard to the relevant matters under supervision and inspection;

(2) consulting the financial reports, accounting vouchers, accounting books and other financial and accounting materials as well as other materials relevant to the business management activities of the enterprises;

(3) checking the financial affairs and status of assets of the enterprises, inquiring the personnel thereof about the relevant information and listening to their opinions, and demanding the persons-in-charge of the enterprises to make explanations where necessary; and

(4) inquiring the departments of public finance, industry and commerce, tax, audit, customs, etc. about the financial status and business management of the enterprises.

The Chairman of the board of supervisors may, in light of the needs of supervision and inspection, attend, as a nonvoting delegate or, authorize other members to attend as non-voting delegates, the relevant meetings.

Article8 (omitted)

Article9 (omitted)

Article10 (omitted)

Article11 (omitted)

Article12 (omitted)

Article13 (omitted)

Article14 The board of supervisors consists one Chairman and a number of supervisors.

The supervisors are classified into full-time supervisors and part-time supervisors. Those selected from the relevant departments and entities are full-time supervisors, the delegates dispatched from the relevant departments of the State Council or entities and personnel representatives are part-time supervisors.

The board of supervisors may hire staff where necessary.

Article15 (omitted)

Article16 (omitted)

Article17 (omitted)

Article18 A supervisor of the board of supervisors shall satisfy the following conditions:

- (1)being familiar with and able to practice the relevant laws, regulations, and rules;
- (2) having professional knowledge of finance, accounting, auditing or economic and being familiar with the business management of the enterprises;
- (3) adhering to the principle, being uncorrupt, honest, self-disciplined and loyal, and
- (4) being able to make comprehensive analyses and judgments, having strong writing ability and being able to work independently.

Article19 The Chairman, full-time supervisors, dispatched supervisors and expert supervisors of the board of supervisors shall be governed by the principle of avoidance of conflict of interest. None of them may assume a position in the board of supervisors of the enterprises, in which he ever managed, worked or his close relative takes up a position of senior management.

Article20 (omitted)

Article21 (omitted)

Article22 The members of the board of supervisors shall keep the inspection reports confidential. None of them may divulge any business secret of the enterprises.

Article23 (omitted)

Article24 (omitted)

Article25 (omitted)

Article26 (omitted)

Article27 (omitted)

Article28 (omitted)

Article 29 This Regulation shall come into effect as of the promulgation date. “The Regulation on Supervision and Management of Property of the State-owned Enterprise” issued by the State Council on July 24, 1994 shall be abolished simultaneously.

http://www.chinadaily.com.cn/m/hebei/2011-09/22/content_13777074.htm

Jan 30, 2013 | [Home](#) | [About Hebei](#) | [Government](#) | [Business](#) | [Opening up](#) | [Travel](#) | [Culture](#) | [Site Search](#) [中文](#)

Delong reduces carbon footprint with co-generation plant

2011-09-22

SINGAPORE - Singapore-listed Chinese hot-rolled steel coil manufacturer Delong Holdings said it has completed the construction of its first co-generation power plant in a bid to reduce its carbon footprint.

The 15 megawatt power plant near the city of Xingtai in Hebei province, which costs about 65 million yuan (\$10.2 million) uses waste heat and gas from its steel coil production processes to generate power, the company's chairman Ding Liguao said on Sept 20.

Ding said the construction of the co-generation power plant is in line with the company's environmental commitments.

"The operation of this plant not only saves energy, but also brings about a radical improvement in the air quality and overall environment. We can reduce our production costs and energy consumption, and also be able to overcome issues arising from local power supply shortages," he said.

The plant will reduce Delong's total coal usage by about 36,000 tons a year, thereby reducing total production costs by an estimated 40 million yuan (\$6.3 million) annually. It will also reduce carbon emissions by about 98,000 tons a year.

The plant can also create 60 jobs a year, Ding said, adding that the company has a strong track record in cutting costs by recycling waste gas, water and residue.

» About Hebei

More

- General Introduction
- Land and Resources
- Marine Resources
- Communications
- Science and Technology
- Forestry
- Agriculture

» Opening Up

More

- Carmaker to develop electric car with US partner
- Russian chopper maker sets up Chira plant
- China exports porcelain for Queen's diamond jubilee
- Lotte signals expansion in Chinese market

» Culture

More

 Reviving Hebei's Traditional Dramatic Arts

Cross-talk master commemorated in Hebei

» Hot Topics

More

 Hebei Provincial Annual Sessions

 Charming Hebei at Shanghai Expo

» Info

More

 Zhongmao Haiyue Hotel

Hebei Provincial Museum

Children's Hospital

Orient City Shopping Mall

» Special

More

 Hebei: Record conservation funding for Chengde imperial gardens

InMusic Festival set to rock Zhangbei county

Historic Hebei rich in antiquity

[\[Contact Us\]](#)

Copyright 2009 Hebei China All Rights Reserved



The Official Website of the Hebei Government
Sponsored by Hebei Provincial Government
Constructed by Chinadaily.com.cn