

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of the Company will be held at the Conference room of Angang Dong Shan Hotel, 108 Dong Feng Street, Tie Dong District, Anshan City, Liaoning Province, China at 9:00 a.m. on 15 June 2004 for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the 2003 report of the board of directors of the Company;
2. To consider and approve the 2003 report of the supervisory committee of the Company;
3. To consider and approve the 2003 audited financial statements of the Company as at 31 December 2003;
4. To consider and approve the proposed profit distribution plan of the Company for 2003;
5. To determine the remuneration of the directors and the supervisors of the Company for 2003;
6. To consider and approve the appointment of the auditors for 2004 and to authorise the board of directors of the Company to determine their remuneration;
7. **THAT** the asset purchase agreement dated 23 March, 2004 (the "Asset Purchase Agreement") entered into between the Company and Anshan Iron & Steel Group Complex (a copy of which has been produced to the meeting and marked "A") and the transaction referred to therein be and are hereby approved, confirmed and ratified and that the directors of the Company be and are hereby authorised to do all such further acts and things and execute all such further documents and take all such steps as they may consider necessary, desirable or expedient to implement and/or give effect to the terms of the Asset Purchase Agreement and/or the transactions contemplated therein, with such changes as the directors of the Company may consider necessary, desirable or expedient.

SPECIAL RESOLUTIONS

To consider and, if thought fit, pass the following resolutions with or without modifications as special resolutions:

In order to comply with certain amendments made to the Listing Rules relating to corporate governance issues effective on 31 March, 2004, the Board of Directors proposed to amend the relevant provisions of Articles of Association as set out below.

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Pursuant to the revised Listing Rules, the articles of association of a listed company shall specify that if a shareholder is restricted from voting under the Listing Rules, any votes casted by or on behalf of such shareholders in contravention of such restriction or requirement shall not be counted. As such, Article 73 be amended as follows:

8A. THAT Articles 73 of the Articles of Association be amended as:

“A Shareholder (including proxy) when voting at a shareholders’ general meeting may exercise his voting rights in accordance with the number of shares carrying the voting right and each share shall have one vote. If any shareholder is required to abstain from voting on any particular resolution, or restricted from voting only for or only against any particular resolution, any vote cast by such shareholder or his proxy in contravention of such requirement or restriction shall not be counted.”

Pursuant to the revised Listing Rules, a notice relating to nomination of directors by shareholders shall be lodged not earlier than the date after the despatch of the notice of the meeting and no later than 7 days prior to the date the meeting is held. As such, paragraph 3 of Article 96 shall be amended as follows:

8B. THAT Paragraph 3 of Article 96 of the Articles of Association be amended as:

“Nomination of candidates for directors shall be delivered in writing to the Company not earlier than the date the notice convening the meeting is issued and not later than 7 days prior to the date the meeting is held. Candidates shall serve notices to the Company expressing their intention to participate in the election 7 days prior to the date the meeting is held.”

In order to strengthen the corporate governance of the Company, Articles 79, 145 and 148 shall be amended as follows:

8C. THAT Article 79 of the Articles of Association be amended as:

“The following matters shall be resolved by a special resolution at a shareholders’ general meeting:

- (i) the increase or decrease of share capital and the issue of shares of any class, warrants and other similar securities;
- (ii) the issuance of debentures of the Company;
- (iii) the division, merger, dissolution and liquidation and material acquisitions or disposal;
- (iv) amendments to these Articles of Association;

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- (v) the repurchase of shares of the Company;
- (vi) any matter considered at the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be adopted by a special resolution; and
- (vii) other matters as required by the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

8D. THAT Paragraph 6 of Article 145 of the Articles of Association be inserted after paragraph 5 as follows:

- “(vi) Any person who will be deemed as Associates to such directors, supervisors, managers or other senior management officers as defined under the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

8E. THAT Article 148 of the Articles of Association be amended as:

“Where a director, supervisor, manager or other senior management officer of the Company has, directly or indirectly, a material interest in a contract, transaction or arrangement entered into or proposed to be entered into by the Company (other than the contract of employment of a director, supervisor, manager or other senior management officer), he shall declare the nature and extent of his interest to the board of directors as soon as practicable, whether or not the matters in question are otherwise subject to the approval of the board of directors under normal circumstances.

A director shall abstain from voting in relation to contracts, transactions or arrangements in which he or his Associates (as defined in the “Listing Rules”) have a material interest and shall not be counted in the quorum.

Unless a director, supervisor, manager or other senior management officer with an interest makes a disclosure to the board of directors in the manner as described in the preceding paragraph in this Article and the matter is approved by the Board at a meeting at which he was not counted in the quorum and did not vote, the Company may rescind that contract, transaction or arrangement except as against a bona fide party acting in good faith and without knowledge of the breach of obligation by such director, supervisor, manager or other senior management officer.

When the related parties and Associates of a director, supervisor, manager or other senior management officer of the Company have an interest in a contract, transaction or arrangement, such director, supervisor, manager or other senior management officer is also deemed to be interested.”

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As a result of the aforesaid amendments to the Articles of Association, Article 6 shall be amended as follows:

8F. Article 6 of the Articles of Association be amended as:

“In accordance with the provisions of the Company Law, the Special Regulations and the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “**Mandatory Provisions**”) and other PRC laws and administrative regulations and the shareholders’ resolutions of the Company, these Articles of Association were adopted by the Company (the “**Articles of Association**” or “**these Articles of Association**”).

The Articles of Association has been passed in the annual general meeting held on 15 June, 2004 and was effective from the date as approved by the relevant authority in accordance with Article 199.

Since the effective date of the Articles of Association, the Articles of Association will become a legally binding document to govern the organisational structure and conduct of the Company, obligations and rights between the Company and the shareholders and between shareholders.”

9. With reference to the resolutions no. 8A to 8F above, the Board of Directors be authorised:
- (a) to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection therewith;
 - (b) to make such amendments to the Articles of Association of the Company as it thinks fit; and
10. To consider and approve proposals (if any) put forward at the meeting by any shareholder(s) holding five (5) per cent or more of the shares carrying the right to vote at such meeting.

By order of the Board
Fu Ji Hui
Company Secretary

Liaoning Province, the PRC
16 April 2004

Registered Office:
No. 396, Nan Zhong Hua Lu,
Anshan City, Liaoning Province
The People’s Republic of China

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Notes:

- (a) Holders of the Company's H shares whose names appear on the register of members of the Company at the close of business on 15 May 2004 are entitled to attend the Annual General Meeting with their passports or other identity papers.
- (b) The register of members of the Company will be closed from 16 May 2004 to 15 June 2004, both days inclusive, during which time no share transfer will be effected.
- (c) Each shareholder who has the right to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies, whether they are shareholders or not, to attend and vote on his behalf at the Annual General Meeting.
- (d) A proxy of a shareholder who has appointed more than one proxy may only vote on a poll in respect of the shares actually held.
- (e) The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified. To be valid, the notarially certified power of attorney, or other documents of authorisation, and the form of proxy must be delivered to the Company's registrar, HKSCC Registrars Limited, 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong not less than 24 hours before the time appointed for the holding of the Annual General Meeting.
- (f) Shareholders intending to attend the Annual General Meeting should return the reply slip (which will be despatched to the shareholders with the Company's 2003 annual report) to the Secretary's Office of the Company on or before 5:30 p.m. on 25 May 2004 personally or by mail, facsimile or cable. Failure to return the reply slip will not affect shareholders' rights to attend in person.
- (g) It is expected that the general meeting will last for half a day. The expenses for travelling and accommodation shall be borne by the shareholders.
- (h) The address of the Secretarial Office:

No. 396 Nan Zhong Hua Road
An Shan City
Liaoning Province
Peoples' Republic of China
Post Code: 114003
Tel: 0412-633 4292 / 633 4293
Fax: 0412-672 7772
Contact Persons: Chen Qishuang and Jiang Yucong