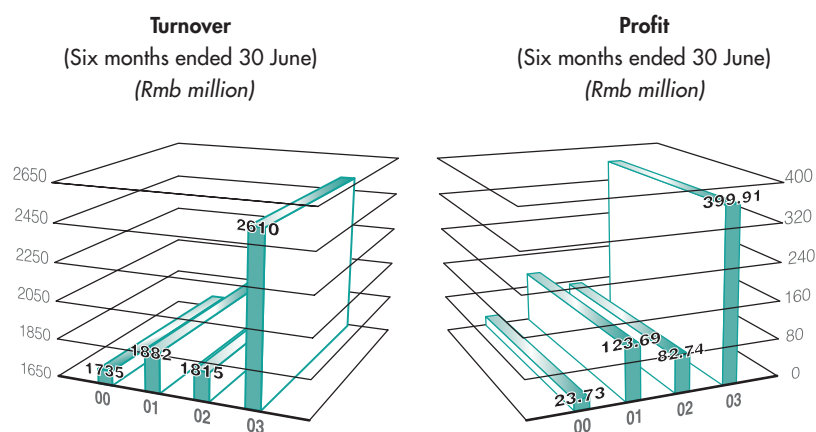


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The Board of Directors of Chongqing Iron & Steel Company Limited (the "Company") is pleased to present to the shareholders the unaudited interim report of the Company for the six months ended 30 June 2003. The Company's consolidated turnover and profit for the six months ended 30 June 2003, together with the comparative figures for the three previous years are as follows:



ORGANISATION

The Company was established in August 1997 as part of the restructuring schedule of a State-owned enterprise known as Chongqing Iron & Steel Company (Group) Limited (the "Holding Company"). Pursuant to the restructuring, the principal iron and steel business undertakings and one of the subsidiaries, Chongqing Hengda Steel Industrial Co., Ltd. ("Hengda") of the Holding Company were taken over by the Company, whereupon the Company issued 650,000,000 State-owned shares of Rmb1 each to the Holding Company. The Company was transformed into a foreign investment company limited upon approval of the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China on 7 December 1998.

In December 2002, the Company acquired all assets and liabilities of Hengda, the former subsidiary of the Company. At the same time, the Company disposed of its entire interests in Hengda to the Holding Company. Following the disposal of Hengda, the Company does not have any subsidiary (Please refer to the 2002 Annual Report of the Company for the details of the asset reorganisation.). As the Company has assumed the businesses of Hengda, the Company's business operations have not changed after the disposal of Hengda.