

## **REPORT OF THE SUPERVISORY COMMITTEE**

During the year, members of the committee of supervisors (the "Supervisory Committee") carried out their duties conscientiously in accordance with the Articles of Association of the Company and the PRC Company Law in order to protect the interests of the Company and its shareholders.

- (i) The Supervisory Committee attended 3 general meetings, 4 Board meetings as non-voting participants and convened 2 supervisory meetings. The Supervisory Committee proposed independent opinions and advice on the basis of their full knowledge of the Company's major production and operation decisions and implementation process.
  - a. On 10th April, 2000, the Company held its fifth meeting of the first Supervisory Committee at Angang Dong Shan Hotel, at which "the working report of Supervisory Committee for 1999" and the resolution for the appointment of members of the second Supervisory Committee were considered and approved.

The announcement of this meeting was issued in China Securities Journal and Securities Times in the PRC, and Hong Kong iMail and Hong Kong Economic Times in Hong Kong on 11th April, 2000.

- b. On 9th November, 2000, the Company held its first meeting of the second Supervisory Committee at the Conference Room of Angang Science Exhibition Center, at which the appointment of Mr. Qi Cong as the chairman of the second Supervisory Committee was considered and approved.

The announcement of this meeting was issued in China Securities Journal and Securities Times in the PRC, and Hong Kong iMail and Hong Kong Economic Times in Hong Kong on 10th November, 2000.

- (ii) The Supervisory Committee assisted the Company to standardise its stock system and strengthen its internal supervision. It also effectively monitored the Company's operations to ensure compliance with the relevant laws, regulations and the Company's Articles of Association. It provided independent opinions on important decisions of the Company and standardised the operation of the Company.

- (iii) In respect of the Company's acquisition of new converters, land and current assets from Angang Holding, the Supervisory Committee reviewed all relevant documents to examine the fairness of the acquisition.

The Supervisory Committee of the Company provided independent opinions on the following issues:

- a. During the year, the Company's operations had complied with all relevant laws and regulations, and no violation of regulations occurred.
- b. During the year, none of the directors or managers of the Company were aware of any information indicating that their actions were not in compliance with the PRC laws, regulations and the Articles of Association of the Company or harmful to the interests of the Company.
- (iv) During the year, all the connected transactions with Angang Holding including the purchases of raw materials, energy and utilities from Angang Holding were conducted on normal business terms, and were based on arm's length negotiations. There was neither harm to the interests of the Company, nor loss of assets of the Company.

On behalf of the Supervisory Committee

**Qi Cong**

*Chairman of the Supervisory Committee*

20th March, 2001