

## OTHER DISCLOSEABLE EVENTS

### GENERAL MEETINGS

As at the reporting date, the following general meetings of the Company were held:

(I). *Details of the Meetings for Holders of H Shares and Domestic Shares*

The meetings for holders of H shares and domestic shares of the Company was held on 8th April 2004. The following proposal was considered and approved as a special resolution:

Approved the extension of the resolution of the issue of additional A shares as approved at the meetings for holders of domestic shares and H shares and the Extraordinary General Meeting held on 16th April 2003 to the date of 2004 Annual General Meeting (“2004 AGM”) of the Company.

(II). *Details of the first Extraordinary General Meeting of 2004*

On 8th April 2004, the first 2004 Extraordinary General Meeting of the Company was held at which the following proposals were approved as special resolutions:

1. Approved the extension of the resolution of the issue of additional A shares as approved at the meetings for holders of domestic shares and H shares and the Extraordinary General Meeting held on 16th April 2003 to the date of 2004 AGM of the Company; and

## OTHER DISCLOSEABLE EVENTS (*COUNTINUED*)

### GENERAL MEETINGS (*COUNTINUED*)

(II). *Details of the first Extraordinary General Meeting of 2004 (COUNTINUED)*

2. Approved the extension of the resolution on the authorisation granted to the Board to implement and, at its absolute discretion, deal with the matters related to the issue of additional A shares as approved at the Extraordinary General Meeting held on 16th April 2003 to the date of the 2004 AGM of the Company.

Details of the resolutions passed at above general meetings were published in Wen Wei Po (Hong Kong) and The Standard (Hong Kong) on 13th April 2004.

(III). *Details of the 2003 Annual General Meeting*

The 2003 Annual General Meeting (“2003 AGM”) of the Company was held on 19th May 2004. At the meeting, the Company’s annual report, the audited accounts and the auditors’ report, profit distribution proposal and the distribution of final dividends for 2003 were considered and approved; and Ms. Chen Hong, being a representative of shareholders, was elected as a supervisor.

## BOARD OF DIRECTORS

As at the reporting date, two meetings were held by the Board:

1. On 11th March 2004, the fifth meeting of the third Board was held, at which, among others, the Company's annual report, results announcement and profit distribution proposal for final dividends for 2003, and the 2004 investment plan and the proposal of re-appointment of auditors were considered and approved.
2. On 20th August 2004, the sixth meeting of the third Board was held, at which, among others, the Company's interim accounts, interim report, the interim results announcement and the results highlights for 2004 were considered and approved.

## AUDIT COMMITTEE

As at the reporting date, two meetings were held by the Audit Committee:

1. On 10th March 2004, the second meeting of the second Audit Committee was held, at which, among others, the Company's audited accounts and the auditors' report for 2003, the internal control report and connected transactions in 2003 were considered and approved.
2. On 19th August 2004, the third meeting of the second Audit Committee was held, at which, among others, the Company's interim accounts, interim report and interim results announcement for 2004, were considered and approved.

## **SUPERVISORY COMMITTEE**

As at the reporting date, two meetings were held by the Supervisory Committee:

1. On 10th March 2004, the third meeting of the third Supervisory Committee was held, at which the Company's annual report, results announcement and report of Supervisory Committee for 2003 were considered and approved.
2. On 19th August 2004, the fourth meeting of the third Supervisory Committee was held, at which the Company's interim accounts, interim report and interim results announcement for 2004 were considered and approved.

## **DIVIDEND**

The Board do not recommend the payment of interim dividend for the six months ended 30th June 2004 (2003: nil.)

## SUBSTANTIAL SHAREHOLDERS

At 30th June 2004, pursuant to the register of substantial shareholders maintained under Section 16(1) of the Hong Kong Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”), the Company had been notified of the following interests in the Company’s issued share capital:

<b>Name of shareholders</b>	<b>Class of shares</b>	<b>Number of shares held <i>(in thousand shares)</i></b>	<b>Percentage to total issued share capital <i>(%)</i></b>
Chongqing Iron and Steel Company (Group) Limited	State-owned shares	650,000	61.09
HKSCC NOMINEES LIMITED	H shares	404,022	37.97
HSBC Nominee (HONG KONG) LIMITED	H shares	5,946	0.56
COASIA LIMITED	H shares	956	0.09
WONG WAN YUI	H shares	250	0.02

## CHANGES OF SENIOR MANAGEMENT

On 8th January 2004, as proposed by Mr. Yang Zhi Wei, the General Manager of the Company, the Board appointed Mr. Xu Gang and Mr. Wu Zi Sheng as the Deputy General Managers of the Company. Mr. Xu Gang was also appointed as the Chief Engineer of the Company, and Mr. Sun Yi Jie retired from his office as Chief Engineer of the Company.

On 24th March 2004, the 37th meeting for team leaders and the chairman of Labour Union of the first staff representative meeting of the Company was held. At the meeting, Ms. Lu Kang Mei, being a staff representative, was elected as a supervisor and Liu Xiu Ying retired from the same position. At the 2003 AGM held on 19th May 2004, Ms. Chen Hong, being a staff representative, was elected as a supervisor and Mr. Wu Zi Sheng retired from the same position. The term of office for the newly appointed supervisors is three years commencing from 19th May 2004 to 18th May 2007 (both inclusive).

## DIRECTORS' AND SUPERVISORS' INTERESTS

As at 30th June 2004, the interests of the directors and supervisors in the shares of Duoli Real Estate Co., Ltd. (a subsidiary of the Holding Company renamed upon reorganisation following the transfer of the Company's shares in Hengda to the Holding Company on 23rd December 2002. Please refer to the Company's 2002 Annual Report for details of asset reorganisation) of Chongqing Iron & Steel Group as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

<b>Name</b>	<b>Individual interest</b>	<b>Family's interest</b>	<b>Total</b>
Yuan Jin Fu	2,400 shares	—	2,400 shares
Chen Shan	800 shares	—	800 shares
Sun Yi Jie	800 shares	—	800 shares
Yang Zhi Wei	800 shares	—	800 shares
Tu De Ling	800 shares	—	800 shares
Yuan Xue Bing	800 shares	—	800 shares
Chen Hong	1,600 shares	—	1,600 shares

Save as disclosed above, none of the directors, supervisors or their associates had any interest in the shares of the Company or its associated corporations as at 30th June 2004.

## **DIRECTORS' AND SUPERVISORS' INTERESTS (CONTINUED)**

During the period, none of the directors or supervisors or their spouses or children under 18 years of age has been granted by the Company the rights to subscribe for the Company's shares.

No contracts of significance in relation to the Company's business to which the Company was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

At no time during the period was the Company a party to any arrangements to enable the directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **SIGNIFICANT EVENTS**

On 8th January 2004, the Board approved the proposal for appointment of Deputy General Manager and Chief Engineer, under which, as nominated by the General Manager Mr. Yang Zhi Wei, Mr. Xu Gang and Mr. Wu Zi Sheng were appointed as the Company's Deputy General Managers; Mr. Xu Gang was also appointed as the Chief Engineer of the Company, and Mr. Sun Yi Jie retired from his office as Chief Engineer of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

During the period, the Company has not redeemed any of its listed securities, nor has it purchased or sold any of the Company's listed securities.

## **DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS**

As at 30th June 2004, the Company did not place any designated deposits with any financial institutions in the PRC, nor had it failed to recover any time deposits upon maturity during the period.

## **FOREIGN EXCHANGE RISK**

During the period, the Company had no foreign currency borrowings or deposits. Accordingly, there was no foreign exchange risk for the Company.

## **PLEGGED ASSETS AND CONTINGENT LIABILITIES**

The Company has pledged certain of its fixed assets as securities for bank loans. As at 30th June 2004, the net book value of the Company's pledged fixed assets amounted to Rmb357,199,000 (31st December 2003: Rmb368,014,000).

As at 30th June 2004, the Company had no contingent liabilities (31st December 2003: nil).

## **MATERIAL LITIGATION**

During the period, the Company had not involved in any significant litigation or arbitration.

## **SALE OF STAFF QUARTERS**

For the period ended 30th June 2004, the Company had not sold any quarters to its employees, nor had it incurred any expenses as a result of the Holding Company's sale of quarters to the Company's employees.

## **HUMAN RESOURCES AND STAFF REMUNERATIONS**

As at 30th June 2004, the Company had 11,692 employees, including 9,809 production operators, 925 technicians and 958 administrative staff. 2,278 employees had post-secondary or above qualifications, representing 19.48% of the total number of staff.

During the period, the staff cost of the Company amounted to Rmb254,984,000 (30th June 2004: Rmb232,940,000).

The Company has always placed emphasis on staff training and knowledge upgrade. During the period, the staff received training for a total of 6,776 times, covering 40.57% of the staff.

## CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## DOCUMENTS AVAILABLE FOR INSPECTION

1. The original copy of the interim report signed by the Chairman.
2. Address for inspection: Secretarial Office of the Board of Directors  
30 Gangtie Road, Dadukou District  
Chongqing, PRC  
Tel: (8623)68845030 / (8623)68842582  
Fax: (8623)68846070 / (8623)68849520

By order of the Board

*Chairman*

**Tang Min Wei**

Chongqing, PRC  
20th August 2004