

During the year, members of the Supervisory Committee carried out their duties conscientiously in accordance with the Company Law and the Articles of Association of the Company to protect the lawful interests of the Company and its shareholders.

- (i) The Supervisory Committee attended 1 general meeting and 3 Board meetings of the Company as non-voting participants and convened 3 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.
1. On 16 April 2004, the third Supervisory Committee convened the third meeting, at which the following resolutions were passed:
 - (1) The Company's annual report for 2003;
 - (2) The report of the Supervisory Committee for 2003;
 - (3) The proposed remuneration for the Supervisory Committee for 2003.
 2. On 10 August 2004, the third Supervisory Committee convened the fourth meeting, at which the following resolutions were considered and passed:
 - (1) The Company's interim report and its summary for 2004;
 - (2) The Company's interim profit distribution plan for 2004.
 3. On 29 December 2004, the third Supervisory Committee convened the fifth meeting, at which the following resolutions were passed:
 - (1) Resolution in relation to the Eligibility of Issue of New Shares by Angang New Steel Company Limited;
 - (2) Resolution in relation to the Application of New Share Issue by Angang New Steel Company Limited;
 - (3) Analysis Report of the Feasibility of the Use of Proceeds from the New Issue by Angang New Steel Company Limited;
 - (4) Resolution in relation to the Approval of the Acquisition Agreement regarding 100% Equity Interests in Angang New Steel and Iron Company Limited by Angang New Steel Holding Company Limited and Angang New Steel Company Limited;

- (5) Resolution in relation to Raw Materials and Service Supply Agreement entered into between Anshan New Steel Holding Company Limited and Angang New Steel Company Limited;
 - (6) Resolution in relation to the Construction of the Production Line of 2130mm Cold Rolled Steel.
- (ii) The Supervisory Committee assisted the Company in regulating itself as a joint stock company and strengthening its internal supervision. It also effectively monitored the Company's operations to ensure compliance with the relevant laws and regulations, such as PRC Company Law and the Company's Articles of Association. It has examined and reviewed the connected transactions entered into between the Company and Angang Holding as well as reviewed the relevant information in order to ensure the fairness of such transactions.

The Supervisory Committee provided independent opinion on the following issues:

1. During the year, the Company's operations had complied with all relevant laws and regulations and no violation of regulations had occurred. The Company has improved its internal management system and the decision making procedure of the Company complied with applicable laws and regulations.
2. None of the Directors and the general manager had violated any laws or regulations or the Articles of Association of the Company when performing their duties or have otherwise acted in a manner as to infringe upon the interests of the Company.
3. The auditors' report issued by the auditors accurately reflected the Company's financial position and operating results.
4. The actual application of the proceeds was in line with the projects undertaken.
5. The Company's asset acquisitions were based on fair considerations without insider dealing and the interest of minority shareholders were not adversely affected and the Company did not occur any loss in value to its assets.
6. During the year, all the connected transactions with Angang Holding, including the purchases of raw materials, materials, energy and utilities were conducted on the basis of arm's length negotiation; there was no insider dealing, the interest of the Company were not adversely affected and the Company did not occur any loss in value to its assets.

On behalf of the Supervisory Committee

Qi Cong

Chairman of the Supervisory Committee

16 March 2005