

During the year, members of the Supervisory Committee duly fulfilled their duties in accordance with the Company Law and the articles of association of the Company in order to protect the lawful interests of the Company and its shareholders.

- (I) The Supervisory Committee attended 2 general meetings and 4 Board meetings of the Company as non-voting participants and convened 4 supervisory meetings. The Supervisory Committee has given independent opinions and advices on the basis of their full knowledge of the Company's major production and operation decisions and implementation process.
1. The ninth meeting of the third Supervisory Committee was held on 10 April 2006, at which the following proposals were passed:
 - (1) to approve the Company's annual report for 2005;
 - (2) to approve the work report of the Supervisory Committee of the Company for 2005;
 - (3) to approve the proposed remuneration for supervisors of the Company for 2005;
 - (4) to approve the proposed election of members of the fourth Supervisory Committee of the Company;
 - (5) to approve the proposed amendments to rules of procedures for the Supervisory Committee.
 2. The first meeting of the fourth Supervisory Committee of the Company was held on 23 June 2006, at which the election of Mr. Qi Cong as the chairman of the fourth Supervisory Committee of the Company was considered and approved.
 3. The second meeting of the fourth Supervisory Committee of the Company was held on 14 August 2006, at which the Company's Interim Report for 2006 and its summary were considered and approved.
 4. The third meeting of the fourth Supervisory Committee of the Company was held on 27 October 2006, at which the Company's 2006 Third Quarterly Report were considered and approved.

- (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 the PRC Company Law and the articles of association of the Company. It has examined and reviewed the connected transactions entered into between the Company and Angang Holding and the relevant information in order to ensure the fairness of such transactions.

The Supervisory Committee had given independent opinions 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 comprehensive internal control 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 Company's financial report truly 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 interests of minority shareholders were not adversely affected and the Company did not occur any loss in value to its assets.
6. During the year, routine continuing connected transactions and other connected transactions were conducted on a fair basis in the Company's production and operation. There was no insider dealing and the interests of the Company were not adversely affected.

On behalf of the Supervisory Committee
QI Cong
Chairman of the Supervisory Committee

10 April 2007