



REPORT OF THE SUPERVISORY COMMITTEE

Chongqing Iron & Steel Company Limited

To All Shareholders:

In 2004, the Supervisory Committee of the Company had diligently performed their duties in strict compliance with the provisions of the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company to safeguard the interests of the Company, all its staff members and the shareholders.

Major work of the Supervisory Committee during the year:

The third meeting of the third Supervisory Committee and the fourth meeting of the third Supervisory Committee were convened to consider and approve the following matters:

1. The 2003 Results Announcement and annual report of the Company;
2. The 2003 Report of the Supervisory Committee of the Company;
3. The 2004 Interim Financial Statements of the Company; and
4. The 2004 Interim Results Announcement and Interim Report of the Company.

The attendance of the 2003 Annual General Meeting and the General Meeting for Holders of Domestic Shares and the General Meeting for Holders of H Shares and the first Extraordinary General Meeting in 2004 and had carefully reviewed the financial statement and profit distribution proposal.

The meetings of the Board and the Audit Committee were attended to implement stringent surveillance over their work.

The Supervisory Committee expressed independent advice on the following matters in accordance with its terms of reference:

1. During the year, the Company further optimized product structure; upgraded the level of technological facilities and enlarged the size of production in order to enhance its overall level and competitiveness.
2. The 2003 annual report and the 2004 Interim Report of the Company give an objective, true and fair view of the production operations and financial position of the Company in 2003 and the first half of 2004.
3. During the year, the Directors, general manager and other senior management of the Company focused on “carrying out production at high levels, unlocking potential, increasing production and operating at its highest efficiency” and were committed to enhancing product creativity and devoted efforts in operation management. As a result, the Company’s production size was further developed with the operation maintaining at a high standard and outstanding results was thus realized.
4. During the year, the Supervisory Committee strictly reviewed the matters in relation to the Company’s issue of A Shares and takes the view that it fully complied with the relevant laws, regulations and other stipulations.
5. During the year, the connected transactions entered into by the Company were in strict compliance with the provisions of the Listing Rules and the waivers, and the Company had disclosed information on a timely and accurate basis.

The Supervisory Committee would like to extend its gratitude to the staff and the shareholders of the Company for their trust and support. The Supervisory Committee will actively explore new means of supervision so as to discharge its duties more effectively and to attain the production and operation targets of the Company in 2005.

By order of the Supervisory Committee

Zhu Jian Pai

Chairman of the Supervisory Committee

Chongqing, the PRC
9th March 2005