



To the members

Maanshan Iron & Steel Company Limited

(Incorporated in the People's Republic of China with limited liability)

We were appointed to audit the balance sheet and the consolidated balance sheet of the Company as at 31 December 2001, and the profit and loss account, consolidated profit and loss account, cash flow statement and consolidated cash flow statement for the year then ended, in accordance with "Independent Auditing Standards for Chinese Certified Public Accountants". The preparation of these financial statements is the responsibility of the Company. Our responsibility is to issue an audit opinion on those statements. In the course of our audit, we have taken the current circumstances of the Company and its subsidiaries into account, and have performed the audit procedures that we considered necessary, including test checking various accounting records.

In our opinion, the financial statements referred to above have been properly prepared in accordance with the requirements of "The Accounting Standards for Business Enterprises" and "The Accounting Regulations for Business Enterprises". The financial statements give a true and fair view, in all material respects, of the Company's state of affairs and consolidated state of affairs as at 31 December 2001, and of its results and consolidated results, and cash flows and consolidated cash flows for the year then ended. The accounting policies adopted are consistently applied.

Ernst & Young Hua Ming

Beijing, The People's Republic of China

Ge Ming

PRC Certified Public Accountant

Jin Xin

PRC Certified Public Accountant

15 April 2002