

Report of the Auditors



To the members

Maanshan Iron & Steel Company Limited

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

We were engaged to audit the balance sheet and the consolidated balance sheet of the Company as of 31 December 2002, and the profit and loss account, consolidated profit and loss account, cash flow statement and consolidated cash flow statement for the year then ended. These financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with "Independent Auditing Standards for Chinese Certified Public Accountants". Our audit included such tests of the accounting records on a sample basis, and other audit procedures as we considered necessary in the circumstances of the Company and its subsidiaries.

In our opinion, the financial statements referred to above comply with the requirements of "Accounting Standards for Business Enterprises" and "Accounting System for Business Enterprises" and present fairly, in all material aspects, the financial position and consolidated financial position of the Company as of 31 December 2002 and the results and consolidated results of its operations and cash flows and consolidated cash flows for the year then ended, and the accounting policies have been consistently applied.

Ernst & Young Hua Ming

Beijing, The People's Republic of China

Jin Xin

Chinese Certified Public Accountant

Zhu Chunjian

Chinese Certified Public Accountant

2 April 2003