



# Report of the Auditors



To the members

## Maanshan Iron & Steel Company Limited

We have audited the attached consolidated balance sheet and balance sheet of Maanshan Iron & Steel Company Limited (the "Company") as of 31 December 2003, consolidated statement of income and profit appropriation and statement of income and profit appropriation, and consolidated cash flow statement and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We planned and conducted our audit in accordance with Independent Auditing Standards for Chinese Certified Public Accountants to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies adopted, and the significant accounting estimates made by the management in the preparation of the financial statements, and an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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 consolidated financial position and financial position of the Company as of 31 December 2003, consolidated results and results of its operations and consolidated cash flows and cash flows for the year then ended.

**Ernst & Young Hua Ming**  
*Beijing, The People's Republic of China*

**Jin Xin**  
*Chinese Certified Public Accountant*

**Qin Tongzhou**  
*Chinese Certified Public Accountant*

13 April 2004