

# Report of the Auditors

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF JIANGSU EXPRESSWAY COMPANY LIMITED**

**(A Joint Stock Company incorporated in the People's Republic of China with limited liability)**

We have audited the financial statements of Jiangsu Expressway Company Limited (the "Company") and its subsidiaries (the "Group") on pages 32 to 61 which have been prepared in accordance with International Accounting Standards ("IAS").

### **Respective Responsibilities of Directors and Auditors**

The Group's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as of 31st December, 1997 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with IAS and the disclosure requirements of the Hong Kong Companies Ordinance.

**ARTHUR ANDERSEN & CO.**

*Certified Public Accountants*

Hong Kong

16th April, 1998