

# Auditors' Report



**ARTHUR ANDERSEN**

**Arthur Andersen & Co**

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15 Queen's Road Central  
Hong Kong

**TO THE SHAREHOLDERS OF  
GUANGSHEN RAILWAY COMPANY LIMITED**

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

We have audited the accompanying balance sheet of Guangshen Railway Company Limited (the "Company") and its subsidiaries as of December 31, 2000, and the related statements of income, changes in equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries as of December 31, 2000, and the results of operations and cash flows of the Company and its subsidiaries for the year then ended in accordance with International Accounting Standards issued by the International Accountants Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance.

**ARTHUR ANDERSEN & CO**

*Certified Public Accountants*

Hong Kong,

March 13, 2001