

# Auditors' Report to the Directors of the Company



羅兵咸永道會計師事務所

**PricewaterhouseCoopers**

22nd Floor, Prince's Building  
Central, Hong Kong

## **AUDITORS' REPORT TO THE DIRECTORS OF CHINA ORIENTAL GROUP COMPANY LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the proforma accounts on pages 33 to 66 which have been prepared in accordance with accounting policies set out in note 2 to the proforma accounts which comply with accounting principles generally accepted in Hong Kong, except that the effects of the group reorganisation entered into after balance sheet date have been accounted for using merger accounting which is not in accordance with the requirements of Statement of Standard Accounting Practice 2.127 "Accounting for group reconstructions" (the "SSAP 27") issued by the Hong Kong Society of Accountants. Although the group reorganisation meets the definition of a group reconstruction under SSAP 27, SSAP 27 specifies that accounts should not incorporate a combination which occurs after the date of the most recent balance sheet included in the accounts.

### **Respective responsibilities of Directors and Auditors**

The Directors of China Oriental Group Company Limited (the "Company") are responsible for the preparation of proforma accounts which are properly prepared in accordance with the accounting policies set out in note 2 to the proforma accounts. In preparing such proforma accounts 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 proforma accounts and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the proforma accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the proforma accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and its subsidiaries (the "Group"), 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 proforma accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the proforma accounts. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, the proforma accounts for the year ended 31 December 2003 have been properly prepared in accordance with the accounting policies set out in note 2 to the proforma accounts and the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 23 April 2004