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**REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF MEXAN LIMITED
(Formerly Asean Resources Holdings Limited)**
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 26 to 78 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company'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 solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, 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 Institute of Certified Public Accountants except that the scope of our work was limited as explained below.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to circumstances of the Company and the Group, consistently applied and adequately disclosed.

AUDITORS' REPORT

BASIS OF OPINION – continued

We planned 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. However, as mentioned in note 14 to the financial statements on page 56, the consolidated profit and loss account included a share of results of associated companies held by Besteam Limited (“Besteam”) in the amount of HK\$8,564,000, based on unaudited accounts, for the period from 1 April 2003 to 20 June 2003, the date when the shares of Besteam were distributed in specie to the shareholders of the Company. As the financial information and records of the Besteam Group which included those of the associated companies were no longer in possession by the Group and we could not gain access to the said records, we were unable to obtain sufficient information to satisfy ourselves that the share of results of associated companies up to 20 June 2003 are fairly stated. Any adjustments to this amount may have a consequential effect on the loss for the year ended 31 March 2004 and the amount of special dividend by way of distribution in specie of shares in Besteam for the year ended 31 March 2004.

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.

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FUNDAMENTAL UNCERTAINTY RELATING TO SUBSEQUENT EVENTS

In forming our opinion, we have considered the adequacy of the disclosures made in note 33(a) and (c) to the financial statements concerning the uncertainties as to the recoverability of cash balances deposited into an overseas financial service company (“FS Company”) subsequent to the year end date. The Group placed fixed deposits totaling HK\$480 million with the FS Company subsequent to the year end date, of which HK\$135 million was uplifted and applied to settle the second instalment of the consideration for the acquisition of 44.9% equity interest in Ningbo Beilun Port Expressway Company Limited (“Beilun”) on 7 December 2004 by way of a credit of the said amount to a designated fixed deposit account of the vendor maintained in the same FS Company. Another fixed deposit in the amount of HK\$108 million has also been uplifted on the same day and transferred to a law firm on escrow for the settlement of the final instalment of the acquisition of Beilun. The directors believe that the remaining fixed deposits are fully recoverable. Except for a general reference letter received from a banker of the FS Company, we were not provided with other sufficient evidence on the financial standing of the FS Company to enable us to assess the recoverability of these fixed deposits.

We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

QUALIFIED OPINION ARISING FROM LIMITATION OF SCOPE

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 at 31 March 2004. Except for possible adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the matters described in the basis of opinion section of this report, in our opinion the financial statements give a true and fair view of the loss and cash flows of the Group for the year ended 31 March 2004 and have been properly prepared in accordance with the disclosure requirements of the Companies Ordinance.

In respect alone of the limitations on our work as set out in the basis of opinion section of this report:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether proper books of accounts have been kept.

Horwath Hong Kong CPA Limited
Certified Public Accountants

Hong Kong, 31 December 2004

Chan Kam Wing, Clement
Practising certificate number P02038