

# Auditors' Report



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

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

We have audited the accompanying standing alone balance sheet of Guangshen Railway Company Limited (the "Company"), and the consolidated balance sheet of the Company and its subsidiaries (together, the "Group") as of December 31, 2004 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements set out on pages 66 to 120 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit 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.

We conducted our audit in accordance with International Standards on Auditing. 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 provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company standing alone and of the Group as of December 31, 2004 and of the Group's results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong,  
March 17, 2005