



To the members

Guangdong Development Fund Limited

(Incorporated in Jersey with limited liability)

We have audited the financial statements on pages 24 to 50 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 28 to 30.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 22, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable Jersey Law. It is our responsibility to form an independent opinion, based on our audit, on those financial statements which have been prepared in accordance with United Kingdom accounting standards and to report our opinion to you. Our responsibilities, as independent auditors, are established in Jersey by law, the United Kingdom Auditing Practices Board and by our profession's ethical guidance.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the United Kingdom Auditing Practices Board. An audit includes an 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 Company's and the Group's circumstances, 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 that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 at 31 December 2000 and of the net return of the Group for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Ernst & Young
Jersey,
Channel Islands

9 April 2001