

**TO THE SHAREHOLDERS OF NAM FONG
INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 30 to 80 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Companies Ordinance requires the directors to prepare 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 to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

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, the evidence regarding the properties held for/under development available to us was limited. Included in the consolidated balance sheet are investments in properties held for/under development with total carrying value of HK\$960,075,000. The investments relate to the acquisition of the land use rights for a number of land sites within the Guangdong Province for various property development projects. As explained in note 13(b) to the

致南方國際控股有限公司

全體股東

(於百慕達註冊成立之有限公司)

本核數師已完成審核第30至80頁之財務報告，該等財務報告乃按照香港普遍採納之會計原則編製。

董事及核數師各自之責任

香港公司條例規定董事須編製真實兼公平之財務報告。在編製該等真實兼公平之財務報告時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等財務報告作出獨立意見，並向股東報告。

意見之基礎

本核數師已按照香港會計師公會所頒佈之核數準則進行審核工作，惟工作範圍卻受到下文所述之規限。

審核範圍包括以抽查方式查核與財務報告所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報告時所作出之重大估計和判斷，所採用之會計政策是否適合貴公司與貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

本核數師在策劃審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等財務報告是否存有重大錯誤陳述，作出合理之確定。然而，本核數師對獲得有關持有作發展/發展中物業的憑據有所限制。包括在綜合資產負債表中持有作發展/發展中物業的賬面值960,075,000港元。該等投資乃位於廣東省內取得土地使用權用作物業發展的項目。就財務報告附註13(b)所解釋，上述部份項目因支付土地成本及/或發展時限已延遲而須作財務補償，因

financial statements, there are uncertainties regarding the Group's retention of the land use rights for some of the projects referred to above and financial penalties thereof as a result of delays in payment of the land costs and/or delays in development of the related property projects. The carrying value of these projects as at 31 December 2000 amounted to HK\$891,857,000.

We are unable to determine whether the vendors are likely to take action against the Group in respect of the land use rights for these projects and/or demand financial penalties thereon. Any adjustments to the carrying value of properties held for/under development would have a consequential effect on the loss for the year and net assets of the Company and the Group as at 31 December 2000.

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.

Fundamental uncertainty relating to the going concern basis

We have considered the adequacy of the disclosures made in note 2 to the financial statements which explains that in preparing the financial statements, the directors have given consideration to the future financing of the Group. As explained in note 2 to the financial statements, for the year ended 31 December 2000, the Group incurred a net loss attributable to shareholders of HK\$55,954,000. At the balance sheet date, the Group had overdue bank and other borrowings of HK\$20,676,000.

The financial statements have been prepared on a going concern basis, the validity of which depends on the timing and funds generated from the disposal of the Group's properties in the future. The financial statements do not include any adjustments that would result from the failure of raising this funding. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

而對 貴集團保留此物業項目的土地使用權含有不確定性。於二零零零年十二月三十一日，此有關項目的賬面值為891,857,000港元。

本核數師未能確定賣方會否就土地的土地使用權對 貴集團採取行動及/或提出財務補償。因此對持有作發展/發展中物業的賬面值所可能引致有任何的調整，將會影響 貴集團及 貴公司截至二零零零年十二月三十一日止的虧損及於當日之資產淨值額。

在作出意見時，本核數師亦已評估此財務報告所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

有關持續經營基準之基本不明朗因素

本核數師已考慮在財務報告附註2所披露就編製財務報告，董事已考慮 貴集團日後籌集資金的說明是否足夠。如財務報告附註2所述， 貴集團截至二零零零年十二月三十一日止年度之股東應佔虧損為55,954,000港元。 貴集團於結算日有逾期銀行及其他貸款合共20,676,000港元。

此財務報告乃按持續經營基準而編製，而此基準之有效性乃視乎日後透過出售 貴集團的物業所帶來資金的時間及金額。此財務報告並無就未能籌集此等資金而作出任何調整。本核數師認為財務報告已作出適當的披露，而本核數師之意見在此方面並無保留。

Qualified opinion arising from limitation of audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the carrying value of properties held for/under development, 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 Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong, 28 June 2001

審核範圍之局限而作出保留意見

除未有就上述有關持有作發展/發展中物業的賬面值未能取得足夠憑據而可能需要作出之任何調整外，本核數師認為上述財務報告足以公平及真實反映 貴公司及 貴集團於二零零零年十二月三十一日的財務狀況及 貴集團截至該日止年度的虧損及現金流量，並遵照香港公司條例之披露規定妥為編製。

羅申美會計師行
執業會計師

香港，二零零一年六月二十八日