

德勤·關黃陳方會計師行

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**Deloitte
Touche
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Auditors' Report

TO THE SHAREHOLDERS OF EMPEROR (CHINA CONCEPT) INVESTMENTS LIMITED *(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 33 to 75 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 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 judgments 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.

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.

As explained in note 14 to the financial statements, since January 2001, the Group has been unable to exercise its rights as a controlling shareholder of Canlibol Holdings Limited and Beijing Peony Garden Apartment House Co., Ltd. (collectively referred to as the "Canlibol Group"). The consolidated income statement for the year ended March 31, 2001 included a loss of approximately HK\$54,000 in respect of the Canlibol Group for the six months ended September 30, 2000 based on unaudited management accounts. This was the latest date in respect of which the Group was able to obtain financial information in respect of the Canlibol Group. The consolidated income statement also includes a gain on deconsolidation of the Group's interest in the Canlibol Group of approximately HK\$181,523,000. As at March 31, 2001, the consolidated balance sheet includes unconsolidated interests in the Canlibol Group amounting to approximately HK\$772,772,000. However, we were unable to obtain reliable financial information relating to the Canlibol Group as at that date.

Against this background, we were unable to satisfy ourselves as to whether the results of the Canlibol Group and the gain on deconsolidation are fairly included in the consolidated income statement. Also, we were unable to assess whether any further impairment loss should be recognised in respect of the Group's unconsolidated interests in the Canlibol Group as at March 31, 2001. In addition, we were also unable to assess whether any provision is required in respect of the amount due from a subsidiary in the amount of approximately HK\$665,392,000 included in the balance sheet of the Company as at March 31, 2001.

Basis of opinion *(continued)*

Any adjustments to the above figures found to be necessary may affect the net assets of the Company and the Group as at March 31, 2001 and the Group's profit for the year then ended.

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.

Qualified opinion arising from limitation of scope

Except for any adjustments which might have been found necessary had we been able to obtain sufficient evidence concerning the Canlibol Group, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at March 31, 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on our work relating to the Canlibol Group:

- we have not obtained all the information and explanation we considered necessary for the purpose of the audit; and
- we were unable to determine whether proper books of account had been kept.

Deloitte Touche Tohmatsu

Hong Kong, July 19, 2001