



**TO THE BOARD OF DIRECTORS OF
MAGNUM INTERNATIONAL HOLDINGS LIMITED**

Introduction

We have been instructed by the Company to review the interim financial report set out on page 11 to 24.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"). However, the Listing Rules permit departure from SSAP 25 in that comparative figures are not required either for the condensed consolidated statement of recognized gains and losses or for the first cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1st July 2000. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with the Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants ("SAS 700"). A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially



less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June 2001.

Without modifying our review conclusion above, we draw attention to the fact that the comparative condensed consolidated profit and loss account for the six months ended 30th June 2000 has not been reviewed in accordance with SAS 700.

Ernst & Young

Certified Public Accountants

Hong Kong

18th September 2001