ERNST & YOUNG
安永會計師事務所

To the members
Shenyin Wanguo (H.K.) Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 23 to 68 which have been prepared in accordance with accounting principles generally accepted in Hong Kong, other than as set out below.

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. 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 as to whether the financial statements are free from material misstatement. 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 disagreement about accounting treatment

As more fully explained in note 22 to the financial statements, the Group's long term receivable stated in the balance sheet represents an amount of HK$286 million due from a debtor which is experiencing liquidity problems. This amount is due for repayment and there have been no settlements in respect thereof up to the date of this report. In our opinion, the Group is unlikely to recover the full amount of HK$286 million and a provision should have been made against this receivable in the financial statements. However, due to the absence of sufficient information, it is impracticable to quantify the amount of the provision to be made. If such provision had been made, the Group's profit before tax for the year ended 31 December 2001 and the Company's and Group's net assets at 31 December 2001 would have been reduced by the amount thereof.

Our auditors' report dated 20 April 2001, on the financial statements of the Group for the year ended 31 December 2000, was also qualified in respect of the same matter. Accordingly, some or all of the provision referred to above may relate to the prior year.

Except for the absence of a provision against the balance of HK$286 million referred to the above, 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 31 December 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 Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
17 April 2002