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**Deloitte
Touche
Tohmatsu**

TO THE MEMBERS OF COMPANION BUILDING MATERIAL INTERNATIONAL HOLDINGS LIMITED *(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 14 to 63 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 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. 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.

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.



Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures in notes 2 and 45 to the financial statements which explain that the Group has entered into a conditional subscription agreement and a conditional placing agreement with third parties on 4 June 2002 to procure additional funding of HK\$450,000,000. Completion of the Conditional Subscription Agreement is conditional upon, among other things, the waiver from the Securities and Futures Commission of Hong Kong to make a mandatory general offer for all the securities of the Company other than the 20,000,000,000 new shares subscribed under the Conditional Subscription Agreement. Completion of the Conditional Placing Agreement is conditional upon, among other things, the completion of the Conditional Subscription Agreement.

Provided that the Conditional Subscription Agreement and the Conditional Placing Agreement can be successfully completed, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from the failure to obtain such funding. We consider that the fundamental uncertainty is adequately disclosed in the financial statements and our opinion is not qualified in this respect.

Opinion

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 March 2002 and of the loss 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.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 12 July 2002