

Report of the Auditors



To the members

Kin Don Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 20 to 54 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. 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 30 November 2002 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that because our opinion dated 7 January 2002 on the loss and cash flows of the Group for the year ended 30 November 2001 was qualified for the scope limitation reasons summarised in the basis of opinion section therein, any adjustments in respect of the scope limitations found to be necessary to the opening net liabilities of the Company and of the Group as at 1 December 2000 would have had a consequential effect on the results of the Company and of the Group for the year ended 30 November 2001. Accordingly, the comparative amounts shown in these financial statements may not be comparable with the amounts for the current year.

Ernst & Young

Certified Public Accountants

Hong Kong

28 March 2003