

## REPORT OF THE AUDITORS

恒健會計師行  
**HLM & Co.**  
 Certified Public Accountants

Room 305, Arion Commercial Centre  
 2-12 Queen's Road West, Hong Kong.  
 香港皇后大道西2-12號聯發商業中心305室  
 Tel電話: (852) 3103 6980  
 Fax傳真: (852) 3104 0170  
 E-mail電郵: hlm@hlm.biz.com.hk

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
 GR INVESTMENT INTERNATIONAL LIMITED**  
 (金源投資國際有限公司)  
*(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 12 to 48 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 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 circumstances of the Group and of the Company, 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 Group and the Company as at 31 December 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.

**HLM & Co.**  
*Certified Public Accountants*

Hong Kong, 10 April 2003