

德勤·關黃陳方會計師行

Certified Public Accountants
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**Deloitte
Touche
Tohmatsu**

TO THE MEMBERS OF
FAR EAST TECHNOLOGY INTERNATIONAL LIMITED
遠東科技國際有限公司
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 17 to 63 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

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 except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited. As disclosed in note 19, the directors have recognised an impairment loss of HK\$68,500,000 in respect of the Group's interest in a leisure-entertainment complex. Accordingly, the directors assess that the recoverable amount of the Group's interest in the complex at 31st December, 2002 is HK\$68,500,000. We were unable to obtain sufficient information and explanations to assess whether this recoverable amount has been appropriately determined in accordance with the requirements of SSAP 31 "Impairment of Assets" and accordingly whether such amount is 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.

AUDITORS' REPORT

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustment that might have been found to be necessary had we been able to obtain sufficient evidence concerning the recoverable amount of the Group's interest in the leisure-entertainment complex, in our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31st 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 Companies Ordinance.

In respect alone of the limitation on our work relating to the interest in leisure-entertainment complex, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit.

Deloitte Touche Tohmatsu

Certified Public Accountants

24th April, 2003

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