

Independent Review Report

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**Deloitte
Touche
Tohmatsu**

TO THE BOARD OF DIRECTORS OF CHINA DEVELOPMENT CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 3 to 20.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in

Independent Review Report *(Continued)*

scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Fundamental uncertainty relating to the going concern basis

In forming our review conclusion, we have considered the adequacy of the disclosures made in note 1 to the condensed financial statements which explain the uncertainty relating to the going concern status of the Group. On 20 May 2003, the Group entered into conditional agreements to issue shares to new investors for an aggregate consideration of approximately HK\$90 million. Also, a conditional deed of settlement is to be entered into with loan providers to release and discharge the Group from net financial obligations of approximately HK\$32.4 million at 31 March 2003 after the settlement of HK\$20 million to such loan providers upon successful completion of the issuing shares to new investors. On the basis that the conditional agreements for issuing shares to new investors 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 for the foreseeable future. The condensed financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The condensed financial statements do not include any adjustments that would result from a failure to obtain such funding. We consider that the fundamental uncertainty has been adequately disclosed in the condensed financial statements and our review conclusion is not modified in this respect.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 March 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 25 June 2003