

何錫麟會計師行

執業會計師

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聯發商業中心304室

HO AND HO & COMPANY

Certified Public Accountants

Room 304, Arion Commercial Centre,

2-12 Queen's Road West,

Hong Kong

致中國稀土控股有限公司各股東

(於開曼群島註冊成立之有限公司)

To the shareholders of

China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

本核數師已將刊於第35頁至第75頁內根據香港公認會計原則編製之財務報表審核完竣。

We have audited the financial statements on pages 35 to 75 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

董事及核數師的責任

貴公司董事須負責編製真實而公正的財務報表。在編製該等財務報表時，董事必須貫徹採用合適的會計政策。

本核數師的責任是根據審核工作的結果，對該等財務報表作出獨立意見，並僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

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 solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

意見的基礎

本核數師乃按照香港會計師公會所發出的核數準則進行審核工作。審核工作範圍包括以抽查方式審查與財務報表內所載各數額及披露事項有關的憑證，並包括評估董事於編製該等財務報表時所作出的重大估計和判斷，及衡量究竟其所釐定的會計政策是否適合貴公司及貴集團的具體情況，以及有否貫徹地被運用及充分地予以披露。

本核數師計劃及進行審核工作時，均以取得一切認為必須的資料及解釋為目標，使能為本核數師提供充份的憑證，就該等財務報表是否存有重要的錯誤陳述，作出合理的確定。於作出意見時，本核數師亦已衡量該等

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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

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財務報表內所載的資料在整體上是否足夠。本核數師相信我們的審核工作已為核數意見建立合理的基礎。

意見

本核數師認為上述的財務報表均真實而公正地反映貴公司及貴集團於二零零四年十二月三十一日的財政狀況及截至該日止年度貴集團的溢利和現金流量，並根據香港公司條例之披露要求而妥善編製。

何錫麟會計師行
執業會計師

香港，二零零五年四月七日

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 the Group as at 31 December 2004 and of its 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.

Ho and Ho & Company
Certified Public Accountants

Hong Kong, 7 April 2005