

# AUDITORS' REPORT

## AUDITORS' REPORT TO THE SHAREHOLDERS OF NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements on pages 37 to 42 which have been prepared in accordance with accounting principles generally accepted in Hong Kong. We have also audited the proforma financial information on pages 43 to 80. The proforma financial information has been prepared in accordance with the "Basis of presentation of the proforma financial information" set out in note 1(b) on page 48 and the accounting policies set out in pages 49 to 56.

### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements and proforma financial information which give a true and fair view. In preparing financial statements and proforma financial information which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and proforma financial information 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 contents of this report.

### **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 and proforma financial information. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and the proforma financial information, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

# AUDITORS' REPORT (CONT'D)

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 and proforma financial information are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and proforma financial information. We believe that our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion:

- (a) the financial statements set out on pages 37 to 42 give a true and fair view of the state of affairs of the Company as at 31 December 2004 and have been properly prepared in accordance with accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance; and
- (b) the proforma financial information set out on pages 43 to 80 has been properly prepared in accordance with the "Basis of presentation of the proforma financial information" set out in note 1(b) on page 48 and the accounting policies set out on pages 49 to 56 and, on that basis, gives a true and fair view of the state of affairs of the Group as at 31 December 2004 and of the Group's profit and cash flows for the year then ended as if the Company had been the holding company of the companies now comprising the Group as at and throughout the year ended 31 December 2004.

## KPMG

*Certified Public Accountants*

Hong Kong, 22 April 2005