



### **AUDITORS' REPORT TO THE SHAREHOLDERS OF DYNAMIC GLOBAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with Limited Liability)*

We have audited the financial statements on pages 21 to 76 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 financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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, except that the scope of our work was limited as explained below.

An audit includes an 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 Company's and the Group's circumstances, 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 made available to us was limited due to the following:

## Report of the Auditors

### 1. Scope limitation – Carrying value of interest in associate

Included in the consolidated balance sheet at 31 December 2004 was a 39% interest in an associate namely Golden Yield Enterprises Limited (“Golden Yield”). The carrying value of which included approximately HK\$59 million (2003: HK\$63 million) of goodwill not yet fully amortised arising upon acquisition of Golden Yield. There was no independent professional valuation to determine the carrying value of the goodwill. We have been unable to perform any procedures we consider necessary to satisfy ourselves as to whether any impairment loss is required to be made against the carrying value of the goodwill as at 31 December 2004. Any adjustment to this amount would have a consequential effect on the net asset position of the Group as at 31 December 2004 and the net loss from ordinary activities attributable to shareholders for the year then ended.

### 2. Scope limitation – Fundamental uncertainty – Going concern basis of the Group

In forming our opinion, we have considered the adequacy of the disclosures made in note 2(a) to the financial statements concerning the adoption of going concern basis on which the financial statements have been prepared. The Group’s financial statements have been prepared on a going concern basis, the validity of which is dependent upon the successful outcome of the measures undertaken to ensure that adequate cash resources are available to the Group to enable it to meet its future working capital and financial requirements. The financial statements do not include any adjustments that would result from the failure of such measures.

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.

## DISCLAIMER OF OPINION

Because of significance of the fundamental uncertainty relating to the going concern basis and the carrying value of the interest in associates, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004 and of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on our work as set out in the basis of opinion section of this report we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

### CCIF CPA Limited

*Certified Public Accountants*

Hong Kong, 1 June 2005

### Chan Wai Dune, Charles

*Practising Certificate Number P00712*