

Report of the Auditors

TO THE SHAREHOLDERS OF LEE HING DEVELOPMENT LIMITED (Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 19 to 61 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 financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, 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 Hong Kong Standards on Auditing 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 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 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 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 the Company's and of the Group's affairs as at 31 December 2005 and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

H. C. WATT & COMPANY LIMITED
Certified Public Accountants
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Hong Kong

24 April 2006

HENRY C. H. CHUI, AUDITOR
Practising Certificate No. P599

LEE HING DEVELOPMENT LIMITED
Annual Report 2005