

# REPORT OF THE AUDITORS

To the shareholders of

**Nority International Group Limited**

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

We have audited the consolidated financial statements of Nority International Group Limited ("the Company") and its subsidiaries ("the Group") on pages 28 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## *Respective responsibilities of directors and auditors*

The directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated 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 consolidated 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.

## *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 consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of 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 consolidated financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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*Opinion*

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December 2005 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

**Ho and Ho & Company**

*Certified Public Accountants*

Hong Kong

26th April 2006