

## REPORT OF THE AUDITORS

# Moores Rowland Mazars

摩斯倫·馬賽會計師事務所

### AUDITORS' REPORT TO THE SHAREHOLDERS OF THE QUAYPOINT CORPORATION LIMITED

*(Incorporated in the Cayman Islands with Limited Liability)*

We have audited the financial statements on pages 25 to 62 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 the 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, 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.

#### Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements relating to a pending litigation against the Group for an alleged guarantee given to the bank for a bank loan granted to a third party. The future settlement of this guarantee could result in additional liabilities. Details of the circumstances relating to this fundamental uncertainty are described in note 37. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2006 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

#### Moores Rowland Mazars

*Chartered Accountants*

*Certified Public Accountants*

Hong Kong, 24 October 2006