

Independent Auditors' Report



To the shareholders of Mitsumaru East Kit (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Mitsumaru East Kit (Holdings) Limited set out on pages 29 to 69, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made 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.

Except as described in the section entitled "Scope limitation on the recoverability of the trade receivables", we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SCOPE LIMITATION ON THE RECOVERABILITY OF THE TRADE RECEIVABLES

As further detailed in note 22 to the financial statements, included in trade receivables as at 31 December 2006 was an amount due from a debtor of approximately HK\$51 million. The balance is secured by a pledge of the debtor's inventories and a floating charge on the money receivable from the sales of these inventories, and a pledge of the debtor's brand names (the "Brand Names"). However, we have been unable to obtain sufficient evidence to assess the value of the Brand Names. Accordingly, we have been unable to ascertain if the trade receivables can be recovered in full or to determine the amount of impairment, if any, required to be reflected in the financial statements.

Any adjustments that might have been found to be necessary in respect of the above would have a consequential impact on the net assets of the Group as at 31 December 2006 and the profit attributable to the equity holders of the parent for the year then ended.

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QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence relating to the recoverability of the trade receivables as set out above, 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 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

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25 April 2007