



安永會計師事務所

To the members

Fortuna International Holdings Limited

廣益國際集團有限公司

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 22 to 78 which have been prepared in accordance with accounting principles generally accepted in Hong Kong, other than as set out below.

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 statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of 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 available to us was limited as follows:

Report of the Auditors (continued)

To the members

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Basis of opinion (continued)

As further explained in note 2 to the financial statements, the underlying books and records in respect of the subsidiaries of the Group incorporated and operating in South Africa (collectively referred to as the “South African Subsidiaries”) have not been made available to either management, or ourselves due to the seizure of the assets (including the books and records) of the South African Subsidiaries under a South Africa court order as security for unsettled claims of a bank. Consequently, management has consolidated the South African Subsidiaries based on such unaudited management accounts as it has been able to obtain, but we have not been provided with adequate audit evidence to satisfy ourselves as to the nature, completeness, appropriateness, classification and disclosure in respect of the transactions undertaken by the South African Subsidiaries for the period from 1 January 2001 up to the date when the Group ceased to exercise its control over the South African Subsidiaries (the “Said Period”), as included in the consolidated financial statements. We have been unable to perform any satisfactory audit procedures to substantiate the transactions entered into by the South African Subsidiaries during the Said Period. In particular, to the extent that the consolidated results might have required adjustments, there would be a corresponding opposite effect on the loss arising from the subsidiaries under liquidation (as set out in note 23 to the financial statements) for the year.

For the same reasons, we have been unable to satisfy ourselves that certain disclosures which had incorporated amounts in relation to the South African Subsidiaries, including the analysis of the assets and liabilities attributable to the South African Subsidiaries reclassified to subsidiaries under liquidation; and the corresponding cash flows arising from the operations of these South African Subsidiaries prior to their reclassification, as included in the cash flow statements, are fairly stated.

Any adjustments that might have been found to be necessary in respect of the matters set out above would have a consequential impact on the Group’s net loss and cash flows for the year ended 31 December 2001, and on the classification of such items and their related disclosures in the financial statements.

The operating results of South African Subsidiaries consolidated in the Group’s financial statements and their assets and liabilities as at the balance sheet date are summarised in notes 5, 11 and 23 to the financial statements.

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.



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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 concerning the operating results and cash flows of the South African Subsidiaries, in our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work relating to the operating results and cash flows of the South African Subsidiaries:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether proper books of account had been kept.

Ernst & Young

Certified Public Accountants

Hong Kong

26 April 2002