

Auditors' Report

Auditors' report to the shareholders of Tack Fat Group International Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 26 to 30 which have been prepared in accordance with accounting principles generally accepted in Hong Kong. We have also audited the proforma financial information on pages 32 to 63. The proforma financial information has been prepared in accordance with the "Basis of presentation of the proforma financial information" set out on page 31 and the accounting policies set out on pages 37 to 42.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the financial statements and proforma financial information which give a true and fair view. In preparing financial statements and proforma financial information which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and proforma financial information 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. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and proforma financial information. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and proforma financial information, 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 and proforma financial information are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and proforma financial information. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

- (a) the financial statements set out on pages 26 to 30 give a true and fair view of the state of affairs of the company as at 31 March 2002 and have been properly prepared in accordance with accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.
- (b) the proforma financial information set out on pages 32 to 63 has been properly prepared in accordance with the "Basis of presentation of the proforma financial information" set out on page 31 and the accounting policies set out on pages 37 to 42 and, on that basis, gives a true and fair view of the state of the affairs of the group as at 31 March 2002 and of the group's profit and cash flows for the year then ended as if the group's reorganisation had been completed on 31 March 2002 and the group structure had been in existence then.

KPMG

Certified Public Accountants
Hong Kong, 23 July 2002