



Auditors' Report

德勤·關黃陳方會計師行

Certified Public Accountants
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**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF EMPEROR (CHINA CONCEPT) INVESTMENTS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 23 to 59 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 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

BASIS OF OPINION *(continued)*

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.

As explained in note 13 to the financial statements, the Group is unable to obtain any financial information in respect of its unconsolidated subsidiaries, Canlibol Holdings Limited and its subsidiary, Beijing Peony Garden Apartment House Co., Ltd. (collectively referred to as the “Canlibol Group”). Accordingly, we were unable to assess the appropriateness of the allowance of HK\$90,388,000 made in respect of the amounts due from the Canlibol Group of approximately HK\$770,771,000 as at 31st March, 2002. As a result, we were also unable to assess whether any allowance was required in respect of the amount due to the Company of approximately HK\$573,028,000 as at 31st March, 2002 by a subsidiary which has an indirect interest in the Canlibol Group.

Any adjustments to the above figures found to be necessary would as appropriate affect the net assets of the Company and the Group as at 31st March, 2002 and the Group's loss for the year then ended.

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.

QUALIFIED OPINION ARISING FROM LIMITATION OF SCOPE

Except for any adjustments which might have been found necessary had we been able to obtain sufficient evidence concerning the Canlibol Group, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2002 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 Canlibol Group, we have not obtained all the information and explanations we considered necessary for the purpose of the audit.

Deloitte Touche Tohmatsu

Hong Kong, 17th July, 2002