

Auditors' Report

RSM! Nelson Wheeler

羅 申 美 會 計 師 行

Certified Public Accountants

TO THE SHAREHOLDERS OF
WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 18 to 57 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

The Directors of the Company 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 judgements 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.

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 set out below.

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As noted in note 13(e) to the financial statements, included in the opening balance of the cost of fixed assets is an amount of HK\$10,320,000 which was a subject of qualification by the previous year's auditors. The Directors have carried out an independent valuation for the qualified amount of fixed assets as at 31 December 2002 which resulted in an impairment loss of HK\$327,000. Any adjustment that would have been required to opening balances would have a consequential effect on the results of the Group for the years ended 31 December 2001 and 2002.

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 Audit Scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the matters 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 2002 and of the profit 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 opening balances of the fixed assets referred above:

- 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.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

16 April 2003