

## Report of the Auditors



安永會計師事務所

To the members

**LeRoi Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 18 to 50 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 financial statements and to report our opinion 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.

### BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. 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 explained below.

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### SCOPE LIMITATION – TAX POSITION OF THE GROUP

Due to a lack of sufficient documentation for the year to substantiate the tax position of the Group, we have not been able to ascertain if the basis of calculation for taxes was appropriate and reasonable for the year ended 31 March 2004. Any adjustments to the provisions for taxes would have a consequential impact on the Group's net assets as at 31 March 2004 and on the profit for the year then ended, and the related disclosures in these 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.

### QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments or disclosures that might have been found to be necessary had we been able to obtain sufficient evidence relating to the Group's tax position referred to 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 March 2004 and of the profit and the 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 limitations on our work relating to the Group's tax position referred to above,

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

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

21 October 2004