Report of the Auditors

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馬施雲
會計師事務所

To the members
Fortuna International Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 24 to 95 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 financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 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 set out in detail in the following paragraphs.

As more fully explained in note 8 to the financial statements, a 75%-owned subsidiary company, Jafoon Limited (incorporated in Hong Kong) and its two wholly-owned subsidiaries (together the "Jafoon Sub-Group"), have been deconsolidated as from 1 January 2005 and a loss on deconsolidation of HK$16,061,000 has been recognised in the consolidated income statement in order to eliminate all net assets relating to that sub-group due to inability to obtain the appropriate financial information. In our opinion the circumstances, being a deficiency of financial information, do not meet the criteria for derecognition as subsidiary companies.

Financial information for the six-month period to 30 June 2005 indicates that the omission of information in respect of the Jafoon Sub-Group would have a material effect on the stated amounts of Group current assets, Group current liabilities and Group non-current liabilities. However, insufficient financial information is available in respect of the Jafoon Sub-Group for the year ended 31 December 2005 to quantify the effect of derecognition as subsidiary companies and we have been unable to undertake alternative procedures to obtain the necessary information. Additionally, the net loss on deconsolidation of subsidiaries amounting to HK$16,061,000 would not have been required to be recognised in the consolidated income statement had this sub-group not been deconsolidated.

Qualified Opinion: Disclaimer on view given by financial statements

Because of the significance of the possible effects of the limitation in evidence available to us, as set out in the Basis of Opinion section of our report above, we are unable to form an opinion as to whether the financial statements present fairly the state of affairs of the Group as at 31 December 2005 or of the Group's loss and cash flows for the year then ended. In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2005. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

As the directors were not able to obtain all the information that we required in relation to our audit, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit. Proper books of account have not been maintained in respect of the affairs of the deconsolidated subsidiaries but have been in other regards.

Moore Stephens
Certified Public Accountants

Hong Kong
21 April 2006