

Report of the Auditors

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 21 to 63 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 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public 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.

Our opinion on the financial statements of the Group and the Company for the year ended 31 December 2004 (the "2004 Financial Statements") was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the fundamental uncertainty in relation to going concern, details of which are set out in our audit report dated 28 April 2005. Accordingly, we were then unable to form an opinion as to whether the 2004 Financial Statements gave a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004 and of the loss and cash flows of the Group for the year then ended.

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Those scope limitations of last year which may affect the opening balances as at 1 January 2005 include the following:

- (i) Incomplete books and records of the Group;
- (ii) Insufficient information to confirm the ownership and valuation of inventories; and
- (iii) Insufficient information to confirm the existence, completeness, accuracy and carrying amounts of certain trade receivables.

Any adjustments found to be necessary to the opening balances of the financial statements of the Company and of the Group for the year ended 31 December 2005 would have a consequential effect on the loss of the Group for the year ended 31 December 2005.

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 2005 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 opening balances of the financial statements 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
20 April 2006