



Chartered Accountants
Certified Public Accountants

**TO THE SHAREHOLDERS OF
CHINESE ESTATES HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Chinese Estates Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 200, which comprise the consolidated statement of financial position as at 31st December, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**DIRECTORS' RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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致CHINESE ESTATES HOLDINGS LIMITED股東

(於百慕達註冊成立之有限公司)

吾等已審核第71頁至第200頁所載CHINESE ESTATES HOLDINGS LIMITED(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表。綜合財務報表包括於二零一零年十二月三十一日之綜合財務狀況報表、截至該日止年度之綜合全面收益報表、綜合股本權益變動表及綜合現金流量表，以及主要會計政策概要及其他資料說明。

董事編製綜合財務報表之責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及按照香港公司條例之披露要求編製及真實而公平地列報該等綜合財務報表，以及負責 貴公司董事認為必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師之責任

吾等負責根據吾等之審核結果對綜合財務報表發表意見。並謹按照百慕達公司法第90條而僅向閣下編製，並不作其他用途。吾等不會就報告內容而向任何其他人士負責或承擔法律責任。

吾等按照香港會計師公會頒布之香港核數準則進行審核工作。該等準則要求吾等在策劃和進行審核工作時須符合道德規範，使吾等能就綜合財務報表是否存有重要錯誤陳述作合理之確定。

AUDITORS' RESPONSIBILITY (Cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

Hong Kong, 23rd March, 2011

核數師之責任(續)

審核範圍包括進程序以取得與綜合財務報表所載數額及披露事項有關之審核憑證。選用之程序須視乎核數師之判斷，包括評估綜合財務報表之重大錯誤陳述(不論其由欺詐或錯誤引起)之風險。在作出該等風險評估時，核數師將考慮與公司編製並真實公平地呈列綜合財務報表有關之內部監控，以為不同情況設計適當審核程序，但並非旨在就公司內部監控是否有效表達意見。審核範圍亦包括評估所用會計政策之恰當性，貴公司董事所作會計估算之合理性，並就綜合財務報表之整體呈列方式作出評估。

吾等相信，就提出審核意見而言，吾等所獲審核憑證屬充分恰當。

意見

吾等認為，根據香港財務報告準則，綜合財務報表真實公平地反映 貴集團於二零一零年十二月三十一日之財務狀況以及 貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露要求妥為編製。

國衛會計師事務所

英國特許會計師
香港執業會計師

香港，二零一一年三月二十三日