



To the members

Hung Fung Group Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 33 to 108 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 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 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.

全體股東

致雄豐集團控股有限公司

(於百慕達註冊成立之有限公司)

本核數師經已審核載於第33至108頁之財務報告，該等財務報告乃根據香港公認之會計準則編製。

董事及核數師之有關責任

貴公司之董事須負責編製真實而公平之財務報告。在編製該等真實而公平之財務報告時，董事必須選擇及貫徹採用合適之會計政策。本核數師之責任，乃根據我們審核之結果，對該等財務報告提供獨立意見，並向各股東報告。

意見基礎

本核數師乃根據香港會計師公會頒佈之核數準則進行審核工作，惟審核範圍受下文所述之規限。

審核範圍包括以抽查方式，查核該財務報告內所載數額及所披露資料之證據，亦包括評估董事在編製該等財務報告時所作之重要估計和判斷，以及採用之會計政策是否適合貴公司和貴集團之狀況，及有否貫徹採用並足夠披露該等會計政策。

BASIS OF OPINION (Continued)

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 follows:

SCOPE LIMITATIONS ARISING FROM THE PRIOR YEAR'S AUDIT SCOPE LIMITATIONS AFFECTING OPENING BALANCES

Our opinion on the financial statements of the Group and the Company for the year ended 31 March 2001 was disclaimed for reasons which included the significance of the possible effects of several limitations on the scope of our audit which are further detailed in our report dated 26 July 2001.

In summary, those scope limitations, with an ongoing impact on the current year, include:

- (i) Incomplete books and records and a breakdown in the internal controls of the Group; and
- (ii) Matters which prevented us from satisfying ourselves concerning accounts receivable of HK\$117,781,000, inventories of HK\$11,791,000, deposits of HK\$4,635,000 and an advance made to a company of HK\$5,177,000 as at 31 March 2001.

意見基礎 (續)

本核數師在策劃和進行審核時，均以取得一切我們認為必需之資料及解釋為目標，使我們能獲得充分之憑證，就該等財務報告是否存有重大錯誤陳述，作合理之確定。惟提供予本核數師之憑證受以下限制：

因上年度核數範圍受限制而影響本年度年初結餘的範圍限制

本核數師不對 貴集團及 貴公司截至二零零一年三月三十一日止年度財務報告表示意見，所依據理由包括本核數師進行核數之數項範圍限制而可能產生之重大影響，詳情載於日期為二零零一年七月二十六日之核數師報告。

對本年度具持續影響之該等核數範圍限制概述如下：

- (i) 賬目及記錄不完整以及 貴集團內部監控受損；及
- (ii) 有關於二零零一年三月三十一日之應收賬項總額達117,781,000港元、存貨11,791,000港元、按金4,635,000港元及向一間公司作出墊款5,177,000港元。

SCOPE LIMITATIONS ARISING FROM THE PRIOR YEAR'S AUDIT SCOPE LIMITATIONS AFFECTING OPENING BALANCES (Continued)

Accordingly, we were then unable to form an opinion as to whether the 2001 financial statements gave a true and fair view of the state of affairs of the Group and the Company as at 31 March 2001 and of the loss and cash flows of the Group for the year then ended. Any adjustment in respect of these matters found to be necessary to the opening net liabilities of the Group and the Company would have a consequential effect on the loss of the Group and the Company for the year ended 31 March 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.

QUALIFYING OPINION ARISING FROM LIMITATIONS OF AUDIT SCOPE

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company at 31 March 2002, and except for any adjustments that might have been found to be necessary in respect of the foregoing scope limitations detailed above, in our opinion the financial statements give a true and fair view 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 limitations on our work as set out in the basis of opinion section of this report, we have not obtained all the information and explanations that we consider necessary for the purpose of our audit.

因上年度核數範圍受限制而影響本年度年初結餘的範圍限制 (續)

故此，本核數師未能就二零零一年財務報告是否真實及公平反映 貴集團及 貴公司於二零零一年三月三十一日之財政狀況及截至當日止年度之虧損及現金流量狀況提供意見。任何對 貴集團及 貴公司期初負債淨額所需之調整將對 貴集團及 貴公司截至二零零二年三月三十一日止年度之虧損有相應影響。

在達致意見時，本核數師亦曾評估財務報告所呈列資料是否充份足夠。本核數師相信，審核結果已為本核數師作出意見提供合理基礎。

核數範圍限制引致之保留意見

本核數師認為，本財務報告可真實及公平反映 貴集團及 貴公司於二零零二年三月三十一日之財政狀況，而除可能須就上述範圍限制作出任何調整外，本核數師亦認為本財務報告可真實及公平反映 貴集團截至當日止年度之虧損及現金流量狀況，以及乃根據香港公司條例之披露規定而編製。

僅就本核數師報告中意見基礎一節所述之核數工作受限制一事而言，本核數師未能取得我們認為就核數工作而言乃屬必要之所有資料及解釋。

QUALIFYING OPINION ARISING FROM LIMITATIONS OF AUDIT SCOPE (Continued)

Without further qualifying our opinion, we draw attention to the fact that because our opinion on the financial statements of the Group and of the Company for the year ended 31 March 2001, dated 26 July 2001, was disclaimed for the scope limitation reasons summarised in the basis of opinion section above, the comparative amounts shown in these financial statements may not be reliable for purposes of comparison with the amounts for the current year.

Ernst & Young

Certified Public Accountants

Hong Kong
19 July 2002

核數範圍限制引致之保留意見 (續)

在不作進一步保留意見情況下，本核數師謹促請閣下注意以下事實，即由於本核數師在二零零一年七月二十六日因上節意見基礎中概述之範圍限制理由已就 貴集團及 貴公司截至二零零一年三月三十一日止年度之財務報告不表示意見，就與本年度數字作比較而言，該等財務報告所載之比較數字未必可靠。

安永會計師事務所

執業會計師

香港
二零零二年七月十九日