

REPORT OF THE AUDITORS

核數師報告書

ERNST & YOUNG

安永會計師事務所

To the members
Xin Corporation Limited
(Formerly Hung Fung Group Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 28 to 100 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. 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 and performed 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. 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.

全體股東
致新創綜合企業有限公司
(前稱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28至100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。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及判斷，以及採用之會計政策是否適合貴公司及貴集團之狀況，以及有否貫徹採用並足夠披露該等會計政策。

本核數師在策劃和進行審核時，均以取得一切本核數師認為必需之資料及解釋為目標，使本核數師能獲得充分之憑證，就該等財務報告是否存有重大錯誤陳述，作合理之確定。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。

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FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 4 to the financial statements concerning the basis of their preparation adopted by the directors. As explained in note 4 to the financial statements, the financial statements of the Group have been prepared on a going concern basis, notwithstanding that the Group had net current liabilities and a deficiency in assets of HK\$91,336,000 and HK\$11,014,000, respectively, as at 31 March 2003. The Group also incurred a loss from operating activities of HK\$33,383,000 during the year and reported a net cash outflow from operating activities of HK\$33,239,000. Subsequent to the balance sheet date, the directors have initiated a number of measures to improve the Group's financial/liquidity position and relieve the Group's liquidity pressure for the immediate foreseeable future. In particular, the Group successfully negotiated to effect an open offer (the "Open Offer") of shares of the Company with expected proceeds, before related expenses, of HK\$51,726,000 (see note 4 to the financial statements). Vision Century Group Limited, the immediate holding company of the Company, has irrevocably undertaken to subscribe for the shares offered under the Open Offer and is entitled to apply for on an assured basis. The remaining offer shares are fully underwritten by an independent third party pursuant to an underwriting agreement. In addition, Huang Worldwide Holding Limited ("Huang Worldwide"), an intermediate holding company of the Company, has undertaken to provide continuing financial support to the Group to enable it to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Group (the "Financial Support").

The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Open Offer, the ability of Huang Worldwide to provide the Financial Support and other measures currently undertaken by the Group as detailed in note 4 to the financial statements. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful. We consider that appropriate estimates and disclosures regarding the above fundamental uncertainty have been made and our opinion is not qualified in this respect.

有關持續經營基準之主要不明朗因素

在達致意見時，本核數師已考慮財務報表附註4有關董事採納之編製基準是否充足披露。誠如財務報表附註4所述，貴集團之財務報表已按持續經營之基準編製，惟貴集團於二零零三年三月三十一日仍分別有91,336,000港元之流動負債淨額及11,014,000港元之資產虧絀。年內，貴集團亦產生33,383,000港元之經營業務虧損，並錄得33,239,000港元之經營業務現金流出淨額。結算日後，董事已展開一系列措施，以期在不久將來，改善貴集團之財務／流動資金狀況，紓緩貴集團流動資金之壓力。尤重要者，貴集團已成功磋商公開發售貴公司股份（「公開發售」），預期在未扣除有關開支前之所得收益為51,726,000港元（見財務報表附註4）。貴公司直接控股公司Vision Century Group Limited已不可撤回地承諾認購公開發售提呈之股份，並有權按保證基準申請認購有關股份。餘下之發售股份乃根據包銷協議由一名獨立第三方全面包銷。此外，貴公司之中介控股公司Huang Worldwide Holding Limited（「Huang Worldwide」）已向貴集團承諾，無論貴集團現時或將來有任何財政困難，Huang Worldwide亦會持續提供財務支持（「財務支持」），致使其能繼續日常運作，作為持續經營之機構。

財務報表已按持續經營之基準編製，其有效性乃視乎公開發售之成功進行、Huang Worldwide提供財務支持之能力及財務報表附註4中提述到貴集團現正推行之其他措施。財務報表並無載入倘若所推行之有關措施未能取得成功時可能需要進行之任何調整。本核數師認為，有關上述主要不明確因素已作適當估計及披露，吾等在此方面並無保留意見。

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OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2003 and of the profit 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the fact that because our opinion dated 19 July 2002 on the loss and cash flows of the Group for the year ended 31 March 2002 was qualified for the scope limitation reasons summarised in the basis of opinion section therein, any adjustments in respect of the scope limitations found to be necessary to the opening net liabilities of the Company and of the Group as at 1 April 2001 would have had a consequential effect on the results of the Company and of the Group for the year ended 31 March 2002. Accordingly, the comparatives of the consolidated profit and loss account and cash flow statement shown in these financial statements may not be comparable with the amounts for the current year.

Ernst & Young

Certified Public Accountants

Hong Kong
24 July 2003

意見

本核數師認為，財務報表真實及公平地反映 貴公司及 貴集團於二零零三年三月三十一日之財務狀況，以及 貴集團截至該日止年度之溢利及現金流量，並已遵照香港公司條例有關披露之規定妥善編製。

注意事項

然而，在不作保留意見之情況下，本核數師敬希垂注，由於本核數師二零零二年七月十九日就 貴集團截至二零零二年三月三十一日止年度之虧損及現金流量發表之意見為有限範圍保留意見，有關理由已概述於該節之意見基準內， 貴公司及 貴集團倘對二零零一年四月一日之期初負債淨額作出任何調整，可能對 貴公司及 貴集團截至二零零二年三月三十一日止年度之業績構成影響。故此，此等財務報表內所載綜合損益表及現金流量報表呈列之比較數字，未必與本年度之數字作比較。

安永會計師事務所

執業會計師

香港
二零零三年七月二十四日