

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF CIL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 40 to 126 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare 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 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 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.

核數師報告書

致華建控股有限公司股東

(於百慕達註冊成立之有限公司)

本核數師已完成審核刊於第40至第126頁之財務報表。該財務報表乃根據香港公認會計原則編製。

董事及核數師各自之責任

香港公司條例規定董事須負責編製真實與公平的財務報表。在編製真實與公平之財務報表時，董事必須貫徹採用適當之會計政策。

本核數師之責任乃根據審核工作之結果，對該等財務報表提出獨立意見，並向股東作出報告。

意見之基礎

本核數師乃按香港會計師公會頒佈之核數準則進行審核工作。但基於以下原因，本核數師之工作範圍受到一定限制。

審核範圍包括以抽查方式查核該財務報表內所載數額及披露事項之有關憑證。此外，亦包括評估董事於編製該等財務報表時所作之重要估計及判斷、所釐定之會計政策是否適合 貴公司之情況、並有否貫徹採用和充份披露該等會計政策。

本核數師在策劃審核工作時，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份憑證，就該等財務報表是否存有重大錯誤陳述作出合理之確定。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

However, the evidence available to us was limited due to the following:

Scope limitations arising from the prior year's audit scope limitations affecting opening balances and comparative figures

We draw your attention to the fact that the financial statements for the year ended 30 June 2001 were audited by another firm of accountants. Their audit report, dated 25 January 2002, stated they were unable to form an opinion on the financial statements due to the possible effect of the limitation in evidence available for audit purposes. Any adjustment found to be necessary to the opening net assets of the group and the company would have a consequential effect on the results of the group and the company for the year ended 30 June 2002. Therefore, we are unable to express an opinion of the figures brought forward as at 1 July 2001 and the comparative figures included in these financial statements.

Scope limitations arising from the current year's audit

(1) *Property, plant and equipment*

With reference to property, plant and equipment with carrying amount of approximately HK\$4,041,000 at the year end date, we were unable to obtain sufficient evidence to verify the valuation, existence and ownership of the assets, in addition, we were unable to determine whether the depreciation of HK\$1,045,000 were correctly charged during the year.

As a result, we were unable to satisfy ourselves that the assets had been fairly stated and properly accounted for in the financial statements.

核數師報告書

意見之基礎 (續)

然而，本核數師所獲得的資料受到以下限制：

受到去年審核範圍之限制而引致對期初結餘及比較數字之影響

本核數師謹請閣下留意截至二零零一年六月三十日止年度之財務報表乃由另一家會計師行審核，而彼等於二零零二年一月二十五日發出之核數師報告中表示，由於所獲審核憑證有限而可能有重大影響，因此無法就有關財務報表表達意見。對貴集團及貴公司之期初資產淨值作出之任何所需調整均對貴集團及貴公司截至二零零二年六月三十日止年度之業績造成重大影響。因此，本核數師未能就二零零一年七月一日之承前結餘及於財務報表中所載之比較數字發表意見。

本年度審核範圍之限制

(1) *物業、機器及設備*

經參考物業、機器及設備於年結日之賬面值約4,041,000港元後，本核數師無法取得足夠憑證核實資產之估值、存在性及擁有權，而本核數師亦未能確定本年度所作出1,045,000港元折舊之準確性。

故此，本核數師未能信納資產是否公平地呈列並適當地於財務報表中列賬。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement

(2) *Interests in subsidiaries*

The consolidation of a subsidiary, Goldhill Merchandising Inc. ("Goldhill"), was based on the management accounts provided by the management and there were no audited financial statements available for our inspection or verification, therefore, we are unable to satisfy ourselves that the results and state of affairs of this investment was fairly stated in the consolidated financial statements for the year ended 30 June 2002.

Furthermore, there was no sufficient evidence available for us to verify the ownership and percentage of equity held by the group in respect of Goldhill.

As a result, we are unable to satisfy ourselves that the interests in the subsidiary had been properly accounted for, the information of the subsidiary properly disclosed in the financial statements and the results and the state of affairs of these investments fairly stated in the financial statements.

(3) *Interests in associates*

During the year, the company acquired interest in an associated company, 廣州飛流電熱水器有限公司 ("廣州飛流") for a consideration of HK\$21 million. There were no financial due diligence procedures completed at the date of acquisition. We have been unable to carry out any audit procedures to ascertain the fair value of the identifiable assets and liabilities of the associate. As a result, we are unable to satisfy ourselves that the cost of investment in 廣州飛流 of HK\$21 million has been fairly stated.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制

(2) 於附屬公司之權益

附屬公司Goldhill Merchandising Inc. (「Goldhill」)之合併賬目乃按管理層提供之管理賬目計算，而本核數師並未能取得經審核財務報表可供查核或核實，因此，本核數師未能信納此等投資之業績及狀況於截至二零零二年六月三十日止年度之綜合財務報表內公平地呈列。

此外，本核數師並無足夠憑據核實貴集團於Goldhill之擁有權及持股百分比。

因此，本核數師未能信納於附屬公司之權益及附屬公司之資料是否適當地於財務報表中列賬及披露，以及該等投資之業績及狀況是否公平地在財務報表中呈列。

(3) 於聯營公司之權益

年內，貴公司已收購一間聯營公司廣州飛流電熱水器有限公司 (「廣州飛流」) 之權益，代價為21,000,000港元。於收購日期並未完成財務盡職審查程序。本核數師未能進行審核程序以確認聯營公司之可識別資產及負債之公平值。因此，本核數師未能信納於廣州飛流之投資成本即21,000,000港元乃公平地呈列。

REPORT OF THE AUDITORS**BASIS OF OPINION** (continued)**Scope limitations of disagreement** (continued)(3) *Interests in associates* (continued)

Neither the audited financial statements nor management accounts of three associates named Hightor Enterprises Limited ("Hightor"), 廣州奧斯凱科技有限公司 ("廣州奧斯凱"), 廣州飛流, are available for our inspection in regard to the financial results under equity accounting method. Thus, results of the associates under equity accounting method had not been prepared as required by Statement of Standard Accounting Practice ("SSAP") 10, "Accounting for investments in associates", issued by the Hong Kong Society of Accountants.

There was no sufficient evidence available for us to verify the percentage of equity held by the company in respect of Hightor; the ownership and percentage of equity held by the company in respect of 廣州奧斯凱 and 廣州飛流.

As a result, we are unable to satisfy ourselves that the interests in these associates were properly accounted for and the financial information of these associates was properly disclosed in the financial statements. In addition, we are unable to satisfy ourselves that the impairment losses had been adequately provided for.

核數師報告書**意見之基礎** (續)**不同意見之範圍限制** (續)

(3) 於聯營公司之權益(續)

本核數師未能取得三間聯營公司－Hightor Enterprises Limited (「Hightor」)、廣州奧斯凱科技有限公司(「廣州奧斯凱」)及廣州飛流之經審核財務報表及管理賬目以根據權益會計法查核彼等之財務業績，因此，聯營公司之業績未能根據香港會計師公會頒佈之會計實務準則(「會計實務準則」)第10號「聯營公司投資之會計處理」之規定以權益會計法編製。

本核數師並無足夠憑據核實 貴公司於Hightor之持股百分比，以及 貴公司於廣州奧斯凱及廣州飛流之擁有權及持股百分比。

因此，本核數師未能信納於該等聯營公司之權益以及該等聯營公司之財務資料是否適當地於財務報表中列賬及披露。此外，本核數師未能信納減值虧損是否已充份撥備。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(4) *Interests in jointly controlled entity*

Since the financial statements of the jointly controlled entity (note 15), 南寧海奇房地產開發有限公司 (“南寧海奇”) were not audited by us and there were no audited financial statements and management accounts available for our inspection, the group shared the results of the jointly controlled entity up to 30 June 2000 only. Financial results for two years ended 30 June 2002 under equity accounting method had not been taken up by the group. This is not in accordance with SSAP 21, “Accounting for interests in joint ventures”.

In addition, there was no sufficient evidence available for us to verify the ownership and percentage of equity held by the group in 南寧海奇.

As a result, we are unable to satisfy ourselves that the interests in jointly controlled entity had been properly accounted for and information properly disclosed in the financial statements.

(5) *Investments in securities*

In the absence of sufficient evidence available for us, we are not able to verify the costs, ownership and percentage of equity held by the group in the equity securities listed in overseas and Hong Kong with the carrying value of approximately HK\$2,083,000.

In addition, there was no disclosure in respect of the details of the investees with carrying value exceeding 10% of the total assets of the group. It was not in compliance with section 129 of the Hong Kong Companies Ordinance.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(4) 於共同控制企業之權益

由於共同控制企業(附註15)南寧海奇房地產開發有限公司(「南寧海奇」)之財務報表並非由本核數師審核，且並無經審核財務報表及管理賬目可供查核，貴集團僅攤佔共同控制企業截至二零零零年六月三十日之業績，故貴集團並無以權益會計法納入截至二零零二年六月三十日止兩年度之財務業績。此並不符合會計實務準則第21號「合營企業之會計處理」之規定。

此外，本核數師未能取得足夠憑據核實貴集團於南寧海奇之擁有權及持股百分比。

因此，本核數師未能信納於共同控制企業之權益及有關資料是否適當地於財務報表中列賬及披露。

(5) 證券投資

由於本核數師未能取得足夠憑據，因此未能核實貴集團於賬面值約為2,083,000港元之海外及香港上市股本證券之成本、擁有權及持股百分比。

此外，並無披露此等股本證券賬面值超過貴集團總資產百分之十之受投資者之資料，因此並不符合香港公司條例第129條之規定。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(5) *Investments in securities* (continued)

As a result, we are unable to satisfy ourselves that the carrying value of investments in securities had been fairly stated and properly accounted for and the information properly disclosed in the financial statements.

(6) *Goodwill*

Goodwill of the group as stated in consolidated balance sheet, arose from the acquisition of a subsidiary named Goldhill during the year ended 30 June 2001. As stated in the auditors' report for the financial statements for the year ended 30 June 2001 issued by another firm of accountants, such goodwill was not properly accounted for because of insufficient available evidence demonstrating the reasonableness of useful life of the goodwill and if any provision for impairment losses is required. In the absence of relevant updated evidence, we were unable to determine the reasonableness of useful life of the goodwill and whether there was impairment loss that should be provided.

As a result, we are unable to satisfy ourselves that the carrying value had been fairly stated.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(5) 證券投資 (續)

因此，本核數師未能信納證券投資之賬面值是否以公平地呈列及有關資料是否適當地於財務報表中列賬及披露。

(6) 商譽

貴集團於二零零一年六月三十日止年度期間因收購一間附屬公司Goldhill所產生之商譽已於財務報表中列賬。誠如由另一家會計師行所就截至二零零一年六月三十日止年度之財務報表所編製之核數師報告中所述，由於並無足夠資料顯示商譽之可使用年期是否合理，以及是否需要作出任何減值虧損撥備，因此該商譽並非適當列賬。由於並無相關之最新憑證，本核數師未能確定商譽之可使用年期是否合理，以及是否需要作出任何減值虧損撥備。

因此，本核數師未能信納有關賬面值是否公平地呈列。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(7) *Inventories*

Included in inventories of approximately HK\$2,538,000, about HK\$2,317,000 was reflected in the financial statements of AVT Electronics Limited that was not audited by us.

The inventories of approximately HK\$221,000 included in the consolidated balance sheet were not supported by sufficient evidence for us to examine the balance as at 30 June 2002 and verify the ownership and existence. As a result, we are unable to verify the ownership and existence of these inventories and whether the amount had been fairly stated.

(8) *Accounts receivable*

The group had accounts receivable of approximately HK\$4,239,000 of which provision for bad and doubtful debts of approximately HK\$3,671,000 had been made. There was no sufficient evidence for us to verify the balances of accounts receivable. We were unable to carry out the audit procedures that we considered necessary to confirm the existence, accuracy and completeness of the balances.

As a result, we are unable to satisfy ourselves that the existence and the carrying amounts of the debts are fairly stated and whether the provision for bad and doubtful debts has been properly made.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(7) *存貨*

約 2,538,000 港元之存貨中，約 2,317,000 港元已於 AVT Electronics Limited 之財務報表中反映，而該財務報表並非由本核數師審核。

本核數師未能就於綜合資產負債表所載約 221,000 港元之存貨獲提供足夠證據，以驗證於截至二零零二年六月三十日之結餘及核實其擁有權及存在性。因此，本核數師未能核實該等存貨之擁有權及存在性，及有關金額是否公平地呈列。

(8) *應收賬款*

貴集團擁有應收賬款約 4,239,000 港元，已就呆壞賬作出撥備約 3,671,000 港元。本核數師並無足夠憑據核實應收賬款之結餘。本核數師未能就確認結餘之存在性、準確性及完整性進行本核數師認為所需之審核程序。

因此，本核數師未能信納債務之存在性及賬面值乃公平地呈列，以及呆壞賬已適當撥備。

REPORT OF THE AUDITORS**BASIS OF OPINION** (continued)**Scope limitations of disagreement** (continued)(9) *Amount due from winding up companies*

The group and the company had amount due from winding up companies of approximately HK\$300 million and 235 million respectively. Full provision for bad and doubtful debts had been made. There was no sufficient evidence for us to verify the balances. We were unable to carry out the audit procedures that we considered necessary to confirm the existence and valuation of the balances. As a result, we are unable to satisfy ourselves that the existence and the carrying amount of the debts and whether the provision for bad and doubtful debts has been properly made.

(10) *Prepayment, deposits and other receivables*

The group and the company had prepayment, deposits and other receivables of approximately HK\$151,758,000 and HK\$98,855,000 respectively. There was no sufficient evidence for us to verify and confirm the existence of the balances. We were unable to carry out the audit procedures that we considered necessary to confirm the completeness, accuracy and existence of the balances.

As a result, we are unable to satisfy ourselves whether the amount had been fairly stated.

核數師報告書**意見之基礎** (續)**不同意見之範圍限制** (續)(9) *應收清盤公司之款項*

貴集團及 貴公司擁有應收清盤公司款項分別約為300,000,000港元及235,000,000港元，並已就呆壞賬作出全數撥備。本核數師並無足夠證據核實有關結餘。本核數師未能就確認結餘之存在性及價值進行本核數師認為所需之審核程序。因此，本核數師未能信納債務之存在性及賬面值，以及呆壞賬已適當撥備。

(10) *預付款項、按金及其他應收款項*

貴集團及 貴公司擁有預付款項、按金及其他應收款項分別約為151,758,000港元及98,855,000港元。本核數師並無足夠證據核實及確認結餘之存在性。本核數師未能就確認結餘之存在性、準確性及完整性進行本核數師認為所需之審核程序。

因此，本核數師未能信納有關金額是否公平地呈列。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(11) *Cash at bank and in hand*

The group and the company had cash at bank and in hand of approximately HK\$22,000 and HK\$13,000 respectively. There was no sufficient evidence for us to verify and confirm the existence of the balances. We were unable to carry out the audit procedures that we considered necessary to confirm the existence, completeness and accuracy of the balances.

As a result, we are unable to satisfy ourselves whether the cash and bank balances had been fairly stated.

(12) *Accounts payable*

The group had accounts payable of approximately HK\$7,881,000. We were unable to carry out the audit procedures that we considered necessary to confirm the existence, accuracy and completeness of the balances. As a result, we are unable to satisfy ourselves whether these debts had been fairly stated.

(13) *Accruals, other payable and deposits received*

The group and the company had accruals, other payable and deposits received of approximately HK\$142,193,000 and HK\$72,896,000 respectively. There was no sufficient evidence available for us to verify the existence, accuracy and completeness of these balances. As a result, we are unable to satisfy ourselves that these debts had been fairly stated.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(11) 銀行現金及庫存現金

貴集團及 貴公司擁有銀行現金及庫存現金分別約為22,000港元及13,000港元。本核數師未能取得足夠憑證核實及確認結餘之存在性。本核數師未能就確認結餘之存在性、準確性及完整性進行本核數師認為所需之審核程序。

因此，本核數師未能信納現金及銀行結餘是否公平地呈列。

(12) 應付賬款

貴集團擁有應付賬款約7,881,000港元。本核數師未能就確認結餘之存在性、準確性及完整性進行本核數師認為所需之審核程序。因此，本核數師未能信納該等債務是否公平地呈列。

(13) 應計費用、其他應付款項及已收按金

貴集團及 貴公司擁有應計費用、其他應付款項及已收按金分別約142,193,000港元及72,896,000港元。本核數師並無足夠證據核實該等結餘之存在性、準確性及完整性。因此，本核數師未能信納該等債務是否公平地呈列。

REPORT OF THE AUDITORS**BASIS OF OPINION** (continued)**Scope limitations of disagreement** (continued)*(14) Interest payable on secured and unsecured borrowings*

The group had interest payable on secured and unsecured borrowings of approximately HK\$365,000 and HK\$4,931,000 respectively. We were unable to carry out the audit procedures that we considered necessary to verify the existence, accuracy and completeness of these balances. As a result, we are unable to determine whether interest payable on secured and unsecured borrowings has been correctly stated and no understatement of liabilities.

(15) Interest bearing borrowings

The group and the company had interest bearing borrowings of approximately HK\$64,166,000 and HK\$59,535,000 respectively. There was no sufficient evidence for us to verify these balances. We were unable to carry out the audit procedures that we considered necessary to confirm the existence, accuracy and completeness of the balances. As a result, we are unable to satisfy ourselves whether interest bearing borrowings have been fairly stated.

(16) Due to winding up subsidiaries and due to subsidiaries

The group had amounts due to winding up subsidiaries of approximately HK\$79,289,000 and the company had amounts due to subsidiaries of approximately HK\$489,000 at the balance sheet date. There was no sufficient information available for us to verify the existence, accuracy and completeness of these balances. As a result, we are unable to satisfy ourselves whether the balance of these debts has been fairly stated.

核數師報告書**意見之基礎** (續)**不同意見之範圍限制** (續)*(14) 有抵押及無抵押借款之應付利息*

貴集團擁有有抵押及無抵押借款之應付利息分別約365,000港元及4,931,000港元。本核數師未能就該等結餘之存在性、準確性及完整性進行本核數師認為所需之審核程序。因此，本核數師未能確定有抵押及無抵押借款之應付利息是否正確呈列及是否有少報之負債。

(15) 計息借款

貴集團及貴公司擁有計息借款分別約64,166,000港元及59,535,000港元。本核數師未能取得足夠憑據核實該等結餘。本核數師未能就確認結餘之存在性、準確性及完整性進行本核數師認為所需之審核程序。因此，本核數師未能信納計息借貸是否公平地呈列。

(16) 應付清盤附屬公司及應付附屬公司款項

於結算日，貴集團擁有應付清盤附屬公司款項約79,289,000港元及貴公司擁有應付附屬公司款項約489,000港元。本核數師未能取得足夠憑據核實該等結餘之存在性、準確性及完整性。因此，本核數師未能信納該等債務結餘是否公平地呈列。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(17) *Provision for taxation*

The group had provision for taxation of approximately HK\$1,434,000. We were unable to carry out the audit procedures that we considered necessary to verify the balance. As a result, we are unable to determine whether the provision for taxation has been adequately made and the balance fairly stated.

(18) *Due to directors*

The group and the company had amount due to directors of approximately HK\$290,000 and HK\$28,000 respectively. There was no sufficient information available for us to verify the existence, accuracy and completeness of these balances. As a result, we are unable to satisfy ourselves whether the balances of these debts have been fairly stated.

(19) *Commitments*

There was no sufficient information available for our review to verify the completeness of capital and operating lease commitments.

As a result, we are unable to determine whether all the commitments had been properly disclosed in the financial statements.

(20) *Related party transactions*

There was no sufficient information available for our review to determine the completeness of disclosure of related party transactions.

As a result, we are unable to determine whether all the related party transactions had been properly disclosed in the financial statements.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(17) 稅項撥備

貴集團擁有稅項撥備約1,434,000港元。本核數師未能就核實結餘進行本核數師認為所需之審核程序。因此，本核數師未能確定稅項撥備是否足夠及結餘是否公平地呈列。

(18) 應付董事款項

貴集團及 貴公司擁有應付董事款項分別約290,000港元及28,000港元。本核數師未能取得足夠證據核實該等結餘之存在性、準確性及完整性。因此，本核數師未能信納該等債務之結餘乃公平地呈列。

(19) 承擔

本核數師未獲足夠資料進行審閱以核實資本及經營租約承擔之完整性。

因此，本核數師未能確定所有承擔是否已於財務報表中適當地披露。

(20) 關連人士交易

本核數師未獲足夠資料進行審閱以確定所披露關連人士交易之完整性。

因此，本核數師未能確定所有關連人士交易是否已於財務報表中適當地披露。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(21) *Contingent liabilities*

There was no sufficient information available for our review to verify the completeness of disclosure of contingent liabilities.

As a result, we are unable to determine whether the contingent liabilities had been properly disclosed in the financial statements.

(22) *Post balance sheet events*

The books and records of the group and the company have not been fully updated subsequent to the balance sheet date. Therefore we were unable to carry out the audit procedures that we considered necessary to complete our review the subsequent events of the balance sheet date at 30 June 2002 up to the date of this auditors' report.

(23) *Disposal of subsidiary*

The group had disposed of a subsidiary at a consideration of approximately HK\$2,778,000 during the year ended 30 June 2002. There was no original sale and purchase agreement available for our review to verify the sales proceeds.

As a result, we are unable to satisfy ourselves whether the gain on disposal of a subsidiary amounting to HK\$1,221,000 has been fairly stated and the details of the disposal properly disclosed.

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(21) 或然負債

本核數師未獲足夠資料進行審閱以核實所披露或然負債之完整性。

因此，本核數師未能確定或然負債是否已於財務報表中適當地披露。

(22) 結算日後事項

貴集團及貴公司之賬簿及記錄於結算日後未能全面更新。因此，本核數師未能進行我們認為必須之審核程序以完成審閱二零零二年六月三十日至本核數師報告日期之結算日後事項。

(23) 出售附屬公司

截至二零零二年六月三十日止年度期間，貴集團已出售一間附屬公司，代價約2,778,000港元。本核數師未獲提供買賣協議之正本進行審閱，以核實銷售所得款項。

因此，本核數師未能信納出售一間附屬公司之收益1,221,000港元及出售之資料是否公平地呈列及適當披露。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(24) *Gain arising from winding up subsidiary*

The company disconsolidated a winding up subsidiary during the year. There was no sufficient information to verify the net assets of the subsidiary on the date of disconsolidation.

As a result, we are unable to satisfy ourselves whether the gain on disconsolidation of approximately HK\$2,539,000 has been fairly stated and the details of disconsolidation properly disclosed.

(25) *Revenue and expenses*

Since a major portion of the books and accounting records of the group and the company have not been available for our examination, we were unable to carry out the necessary audit procedures that we considered necessary to complete our audit so as to ensure the completeness of revenue and expenses. The other revenue and operating expenses that we were unable to verify amounted to approximately HK\$15,628,000 and HK\$156,422,000 respectively.

In addition, owing to the absence of sufficient financial information, we are unable to satisfy ourselves whether these financial statements had properly disclosed the segment analysis of the group and significant category of revenue recognised in the financial statements in accordance with the disclosure requirements of SSAP 26 "Segment reporting" and SSAP 18 "Revenue".

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(24) 清盤附屬公司之收益

貴公司於年內與一間清盤附屬公司分離併列賬。本核數師未獲提供足夠資料以核實該附屬公司於分離併賬當日之資產淨值。

因此，本核數師未能信納分離併賬之收益約2,539,000港元及分離併賬之資料是否公平地呈列及適當地披露。

(25) 收益及開支

由於本核數師未獲提供 貴集團及貴公司大部份賬冊及會計記錄進行查核，本核數師未能進行我們認為必需之審核程序，以確定收益及開支之完整性。本核數師未能進行核實之其他收益及經營開支分別約為15,628,000港元及156,422,000港元。

此外，由於未獲提供足夠財務資料，本核數師未能信納該等財務報表是否根據會計實務準則第26號「分部呈報」及會計實務準則第18號「收益」之披露規定適當地披露 貴集團之分部分析及於財務報表確認重大收益類別。

REPORT OF THE AUDITORS

BASIS OF OPINION (continued)

Scope limitations of disagreement (continued)

(25) Revenue and expenses (continued)

As a result, we are unable to satisfy ourselves as to the completeness of the revenue and expenses, whether these had been properly disclosed in the financial statements and there was no misstatement of the revenue and expenses.

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.

Fundamental uncertainty

In forming our opinion, we have considered the significant accumulated losses of the group at the balance sheet date. As described in note 1(b) of the financial statements, the financial statements have been prepared on going concern basis. We consider that the fundamental uncertainty has been adequately accounted for and disclosed in the financial statements and our opinion is not qualified in this respect.

DISAGREEMENT OF ACCOUNTING TREATMENT

Consolidation of Goldhill's financial results only included the consolidation of balance sheet but not the income statement. Instead of sharing the profit from Goldhill, the company received a guarantee income of approximately HK\$4,167,000 from Goldhill and such guarantee income was included in the consolidated income statement as other revenue. Therefore, no consolidation of income statement but balance sheet of Goldhill was made. This accounting treatment was not in accordance with SSAP 32 "Consolidated financial statements and accounting for investments in subsidiaries".

核數師報告書

意見之基礎 (續)

不同意見之範圍限制 (續)

(25) 收益及開支(續)

因此，本核數師未能信納收益及開支之完整性，及是否已於財務報表中適當地披露以及收益及開支並無錯誤陳述。

在作出意見時，本核數師亦有評估財務報表資料整體呈列是否足夠，本核數師相信本核數師之審核工作為本核數師作出之意見提供合理基礎。

基本不明朗事項

在作出意見時，本核數師已考慮 貴集團於結算日之重大累計虧損。誠如財務報表附註 1(b)所述，財務報表乃按持續基準編製。本核數師已考慮基本不明朗事項已於財務報表中適當地列賬及披露，本核數師並無對此持保留意見。

不同意會計處理方法

Goldhill之財務業績之合併賬目僅包括合併資產負債表，並不包括收益表。 貴公司選擇向 Goldhill收取保證收入約 4,167,000 港元並非攤佔 Goldhill 之溢利，而該保證收入已計入綜合收益表列作其他收益。因此，合併賬目只計入 Goldhill 的資產負債表，並無計入其收益表。此會計處理並不符合會計實務準則第 32 號「綜合財務報表及投資附屬公司之會計處理」之規定。

REPORT OF THE AUDITORS

DISAGREEMENT OF ACCOUNTING TREATMENT

(continued)

Besides, as set out in the group's accounting policy in note 2(q), the consolidation of balance sheet of Goldhill was not translated at the rate prevailing at balance sheet date. This accounting treatment was not in accordance with SSAP 11 "Foreign currency translation".

Due to the scope limitations as mentioned in the basis of opinion section above, we have been unable to quantify the effects of the departure from the provisions and requirements as stipulated in SSAP 32 and 11.

Disclaimer of opinion

Because of the significance of the possible effect of the limitation in evidence available to us and non-compliance with SSAP 10, 11, 18, 21, 26 and 32 and Section 129 of the Hong Kong Companies Ordinance as referred to in the basis of opinion section above, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the affairs of company and of the group as at 30 June 2002 or of the group's loss and cash flows for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. In view of the serious scope limitations, we are unable to form an opinion for compliance with Companies Ordinance.

In respect alone of the limitation on our work relating to the matters as set out in the basis of opinion section of this report:

- (1) we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- (2) we were unable to determine whether proper books and records had been kept.

Charles Chan, Ip & Fung CPA Ltd.
Certified Public Accountants
Hong Kong, 31 July 2003

Chan Wai Dune, Charles
Practising Certificate Number P00712

核數師報告書

不同意會計處理方法 (續)

此外，誠如附註2(q) 貴集團之會計政策所述，Goldhill之資產負債表計入合併賬目時並非按結算日之現行匯率換算。此會計處理並不符合會計實務準則第11號「外幣換算」之規定。

鑑於意見之基礎一節所述之範圍限制，本核數師未能衡量偏離會計實務準則第32號及第11號所定之條文及規定之影響。

不表示意見

由於本核數師所獲憑證有限而可能有重大影響，加上如上文意見之基礎一節所述並無遵守會計實務準則第10、11、18、21、26及32號以及香港公司條例第129條之規定，故此本核數師無法就財務報表是否真實公平反映貴公司與 貴集團於二零零二年六月三十日之財政狀況或 貴集團截至該日止年度之虧損與現金流量，以及財務報表是否按照香港公司條例之披露規定妥善編製發表意見。鑑於多項範圍限制，本核數師未能就符合公司法例之規定方面發表意見。

按本報告意見之基礎一節所述，僅就該等事宜使本核數師之審核工作範圍受到之限制如下：

- (i) 本核數師未取得進行審核所需之一切資料及說明；及
- (ii) 本核數師無法確定賬冊及記錄是否已妥善保存。

陳葉馮會計師事務所
執業會計師
香港，二零零三年七月三十一日

陳維端
執業證書編號 P00712