

Report of the Auditors

核數師報告



To the members

Wing Hong (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 35 to 105 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 financial 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 Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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.

致榮康(控股)有限公司

(於開曼群島註冊成立之有限公司)

各股東

本核數師(以下簡稱「我們」)已完成審核載列於第35至第105頁按照香港公認會計原則編製之財務報表。

董事及核數師各自之責任

貴公司董事須負責編製真實與公允的財務報表。在編製真實與公允之財務報表時，董事必須選擇及貫徹採用合適之會計政策。我們的責任是根據我們審核工作的結果，對該等財務報表作出獨立意見，並僅向整體股東報告。除此之外，我們的報告書不可用作其他用途。我們概不會就本報告書的內容，對任何其他人士負責或承擔任何責任。

意見之基礎

我們是按照香港會計師公會頒佈之核數準則進行審核工作。審核工作範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報表時所作之重大估計和判斷，所釐定之會計政策是否適合 貴公司及 貴集團之具體情況，及是否貫徹應用並足夠地披露該等會計政策。

我們在策劃及進行審核工作時，均以取得一切我們認為必須之資料及解釋為目標，使我們能獲得充份之憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在表達意見時，我們亦已衡量該等財務報表所載之資料在整體上是否足夠。我們相信，我們之審核工作已為下列意見建立了合理的基礎。

Report of the Auditors

FUNDAMENTAL UNCERTAINTY RELATING TO RECOVERABILITY OF ACCOUNTS RECEIVABLE AND GOING CONCERN BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the recoverability of certain accounts receivables due from two contract customers and the going concern basis of presentation.

As detailed in note 2 to the financial statements, included in the accounts receivable balance under current assets in the consolidated balance sheet as at 31 March 2005, are accounts receivable, recorded based on architects' certificates, of approximately HK\$138.7 million in aggregate (collectively the "Receivables Under Dispute") currently withheld by two major customers (collectively the "Customers") of the Group with respect to disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong, and the counter claiming of extension of time entitlement by the Group. As at the date of approval of the financial statements, the Group has initiated arbitration proceedings to recover the outstanding amount due and negotiations with the Customers are still in progress. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Customers' claims are without sufficient grounds and that their counter claim of extension of time entitlement is valid, the outcome of such arbitration cannot be determined as at the date of approval of the financial statements.

The directors of the Company are currently unable to determine with reasonable certainty the outcome of the arbitration and hence the recoverability of the Receivables Under Dispute. The directors are also unable to determine the time required to recover the Receivables Under Dispute and whether a provision, if any, is required against such receivables at this stage. Further details of the nature and potential impact to the financial statements arising from the Receivables Under Dispute are set out in note 2 to the financial statements. The financial statements do not include any adjustments that might be necessary should the Group fails to recover the Receivables Under Dispute from the Customers. We consider that appropriate disclosures regarding the above fundamental uncertainty have been made by the directors and our opinion is not qualified in this respect.

核數師報告

有關應收賬款可收回性及呈報財務報表之持續經營基準之基本不肯定因素

在達致我們之意見時，我們已考慮財務報表附註2所作出之披露是否充份，該附註說明 貴集團應收兩名合約客戶若干應收賬款之可收回性及呈報之持續經營基準。

誠如財務報表附註2所述，於二零零五年三月三十一日綜合資產負債表流動資產項下之應收賬款結餘中，包括 貴集團兩名主要客戶（統稱「該等客戶」）現暫扣應收賬款總額約138,700,000港元（統稱「爭議中應收款」），該筆賬款涉及在香港進行之一項住宅發展項目主要合約工程中的算定損害賠償及指稱環境相關損害而產生之申索，以及 貴集團就延期權益作出之反申索之爭議。於核准本財務報表日， 貴集團已提出仲裁訴訟以收回該未清償應收款，並仍與該等客戶進行磋商之中。儘管 貴公司董事於諮詢彼等之法律顧問後，認為該等客戶之申索並無充份理據，而 貴公司董事之延期權益反申索則有理據，然而有關仲裁之結果於核准財務報表日仍未能確認。

貴公司董事現時無法合理確實地確定仲裁結果，因此未能確定能否收回爭議中應收款。董事亦未能確定何時能收回爭議中應收款，以及現階段是否須就有關應收款作出撥備（如有）。爭議中應收款之性質及其對財務報表造成之潛在影響之其他詳情載於財務報表附註2。財務報表並不包括 貴集團無法向該等客戶收回爭議中應收款時可能須作出之調整。我們認為董事已就上述基本不肯定因素作出適當披露，我們對此並無保留意見。

Report of the Auditors

FUNDAMENTAL UNCERTAINTY RELATING TO RECOVERABILITY OF ACCOUNTS RECEIVABLE AND GOING CONCERN BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

As a result of the settlement of accounts receivable being withheld by the Customers, which has affected the working capital of the Group, the Group reported a net cash outflow from operating activities of approximately HK\$50,393,000 and an overall decrease in cash and cash equivalents by approximately HK\$39,720,000 for the year, before taking into account of the shareholders' loans as stated below and in note 30(b) to the financial statements. As detailed in note 2 to the financial statements, a major shareholder of the Company has agreed to provide continual financial support to the Group in the form of shareholder's loan, of which approximately HK\$21.2 million of shareholder's loan had been made to the Group as at 31 March 2005, and a further HK\$18.5 million was made subsequent to the balance sheet date on 26 July 2005.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the continual financial support from the Company's major shareholder until the settlement of the Receivables Under Dispute by the Customers as set out in note 2 to the financial statements. The financial statements do not include any adjustments that might be necessary if the Company fails to obtain: (1) continual financial support from the Company's major shareholder; or (2) subsequent settlement of the Receivables Under Dispute. We consider that appropriate disclosures regarding the above fundamental uncertainty have been made in the financial statements and our opinion is not qualified in this respect.

FUNDAMENTAL UNCERTAINTY RELATING TO RECOVERABILITY OF RECEIVABLE FROM A SUBCONTRACTOR

As detailed in note 22 to the financial statements, included in the deposits and other receivables under current assets in the consolidated balance sheet as at 31 March 2005, is a receivable of approximately HK\$10.8 million due from a subcontractor (the "Receivable") representing the costs incurred on behalf the subcontractor arising from the execution of a civil engineering works contract in Hong Kong. As at the date of approval of the financial statements, the Group has initiated arbitration proceedings to recover the outstanding amount due from the subcontractor. After consultation with their legal advisors, the directors of the Company are of the view that the Group has valid grounds to recover the amount due from the aforesaid subcontractor.

核數師報告

有關應收賬款可收回性及呈報財務報表之持續經營基準之基本不肯定因素(續)

鑒於該等客戶暫扣應收賬款，令 貴集團之營運資金受影響，故 貴集團於本年度呈報經營業務現金流出淨額約50,393,000港元及現金及現金等價物整體減少約39,720,000港元(並未計入下文及財務報表附註30(b)所述之股東貸款)。誠如財務報表附註2所述， 貴公司一名主要股東已同意以股東貸款形式向 貴集團提供持續財務支持，其中之股東貸款約21,200,000港元已於二零零五年三月三十一日提供予 貴集團，另外18,500,000港元已於結算日後在二零零五年七月二十六日提供予 貴集團。

誠如財務報表附註2所述，財務報表乃按持續經營基準編製，而該基準是否恰當，須視乎 貴公司主要股東在該等客戶清償爭議中應收款前是否持續向 貴公司作出財務支持而定。財務報表並不包括倘 貴公司未能：(1)獲得 貴公司主要股東之持續財務支持；或(2)於其後收回爭議中應收款時可能須作出之調整。我們認為財務報表已就上述基本不肯定因素作出適當披露，我們對此並無保留意見。

有關應收一名轉包承建商款項可收回性之基本不肯定因素

誠如財務報表附註22所述，二零零五年三月三十一日綜合資產負債表流動資產項下之按金及其他應收款中，包括應收一名轉包承建商款項約10,800,000港元(「該筆應收款」)，此為在香港履行一份土木工程合約時代該轉包承建商產生之成本。於核准財務報表日， 貴集團已提出仲裁訴訟以向該轉包承建商收回該尚未清償款項。 貴公司董事在諮詢彼等之法律顧問後，認為 貴集團有充份理據收回應收上述轉包承建商之賬款。

Report of the Auditors**FUNDAMENTAL UNCERTAINTY RELATING TO RECOVERABILITY OF RECEIVABLE FROM A SUBCONTRACTOR (Cont'd)**

The directors of the Company are currently unable to determine with reasonable certainty the outcome of the arbitration and hence the recoverability of the Receivable. The directors are also unable to determine the time required to recover the Receivable and whether a provision, if any, is required at this stage. Further details of the nature of the Receivable are set out in note 22 to the financial statements. The financial statements do not include any adjustments that might be necessary should the Group fail to recover the Receivable. We consider that appropriate disclosures regarding the above fundamental uncertainty have been made by the directors and our opinion is not qualified in this respect.

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 as at 31 March 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.

Ernst & Young

Certified Public Accountants

Hong Kong
28 July 2005

核數師報告**有關應收一名轉包承建商款項可收回性之基本不肯定因素(續)**

貴公司董事現時無法合理確實地確定仲裁結果，因此未能確定能否收回該筆應收款。董事亦未能確定何時能收回該筆應收款及現階段是否須要作出撥備(如有)。該筆應收款之性質及其對財務報表造成之潛在影響之其他詳情載於財務報表附註22。財務報表並不包括 貴集團無法收回該筆應收款時可能須作出之調整。我們認為董事已就上述基本不肯定因素作出適當披露，我們對此並無保留意見。

意見

我們認為，該等財務報表真實與公允地反映 貴公司及 貴集團於二零零五年三月三十一日之財政狀況，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規定而妥善編製。

安永會計師事務所

執業會計師

香港
二零零五年七月二十八日