



TO THE SHAREHOLDERS OF PLUS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 33 to 103 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 accounts 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.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

致普納集團有限公司各股東

(於百慕達註冊成立之有限公司)

本核數師(「以下簡稱「我們」)已審核載於第33頁至第103頁按照香港公認會計原則編製的財務報表。

董事及核數師各自的責任

貴公司董事須負責編製真實及公平的財務報表。在編製該等真實而公平的財務報表時，董事必須選擇及貫徹採用合適的會計政策。

我們的責任是根據我們審核賬項的結果，對該等賬項作出獨立意見，並按照百慕達公司法第九十條的規定，只向整體股東作出報告。除此之外，我們的報告不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔責任。

意見的基礎

我們已按照香港會計師公會頒佈的核數準則進行審核工作，惟我們的工作範圍受下文所述事項限制。

審核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的憑證，亦包括評估董事於編製該等財務報表時所作的重大估計及判斷，所釐定的會計政策是否適合貴公司及貴集團的具體情況及是否貫徹採用並充份披露該等會計政策。

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 explained as below.

1. There was an amount of HK\$22,319,000 included in the consolidated balance sheet as at 31 March 2006 in respect of goodwill arising from acquisition of a subsidiary in prior year. Due to the lack of relevant information, we are unable to determine the amount of impairment loss to be made for the goodwill.
2. We have also considered the adequacy of the disclosures made in the financial statements which explains that the Group is in the progress of implementing measures to improve its current financial liquidity. For the year ended 31 March 2006, the Group reported a loss attributable to shareholders of HK\$1,210,000. As at 31 March 2006, the Group had a capital deficiency of HK\$25,956,000 and net current liabilities of HK\$29,101,000. During the year, the Group had overdue borrowings totaling HK\$16,886,000. In additions, there are various actions involving litigation against the Group from various parties, including suppliers, leasing company and others. Subsequent to the balance sheet date, a finance company has petitioned to the Court in Hong Kong for the winding up of the Company. The directors are still negotiating with the bondholder, creditors and litigation parties to reschedule the repayment terms of the existing borrowings. Accordingly, we were unable to assess the validity of the directors' assumptions that the Group is a going concern and able to pay its liabilities as they fall due.
3. The Group did not obtain a valuation of a building situated in Beijing which included in property, plant and equipment with a carrying value of HK\$862,000 at 31 March 2006. Due to the lack of sufficient reliable evidence, we were unable to carry out audit procedures necessary to obtain adequate assurance regarding the fairness of the carrying value of the building as at 31 March 2006.

我們在策劃審核工作時，均以取得一切我們認為必需的資料及解釋為目標，以便獲得充份的憑證，就該等財務報表是否存有重大錯誤陳述，作出合理的確定。然而，我們所獲的憑證受到下述限制。

1. 貴集團截至2006年3月31日的綜合資產負債表上，於以往會計年度收購附屬公司時所呈現的商譽共22,319,000港元。由於我們未能取得有關資料，故此我們無法確定對商譽應作之減值虧損。
2. 我們已考慮到財務報表所披露資料是否足夠，當中闡述 貴集團正實施改善其現時財務流動資金的措施。截至2006年3月31日止年度， 貴集團產生股東應佔綜合虧損為1,210,000港元。於2006年3月31日， 貴集團之股東資金虧絀為25,956,000港元，流動負債淨值為29,101,000港元。本年度， 貴集團之逾期借貸合共16,886,000港元，再者， 貴集團現涉及與一些不同機構的法律訴訟中，當中包括供應商、租賃公司及其他。於結算日後，一家財務公司於香港法院向 貴公司提出清盤呈請。 貴集團之董事現仍然與可換股債權人、債權人及訴訟對方就現有借貸還款條款進行談判。有鑒於此，我們未能評估董事對 貴集團能持續經營及能夠在可見將來清償債務之論點的真確性。
3. 貴集團未有為包含於「物業、廠房及設備」中的北京物業取得截至2006年3月31日賬面價值為港幣862,000的獨立估值。基於缺乏足夠可靠的憑證，我們不能進行必需的審核程序來確定該物業截至2006年3月31日賬面價值的公允性。

Report of the Auditors

核數師報告

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to these matters, which may have a consequential effect on the Group's loss for the year and net liabilities at 31 March 2006.

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.

DISCLAIMER OF OPINION

Because of the significance of the possible effect of the limitation in evidence available to us, 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 the Company and the Group as at 31 March 2006 and of the loss and cash flows of the Group for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work relating to the matters referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Morison Heng

Chartered Accountants

Certified Public Accountants

Hong Kong, 30 November 2006

這方面並無其他令人滿意的審核程序，可供我們採用以令我們確定上述所載的事項。倘對上述數字作出任何調整，均會影響貴集團於2006年3月31日的負債淨值及截至該日止年度的虧損。

在作出意見時，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提供合理之基礎。

未能發表意見

鑑於提供予我們的憑證有所限制而可能產生之影響重大，我們未能就財務報表是否真實及公平地載列貴公司及貴集團於2006年3月31日之財務狀況及貴集團於截至該日止年度之虧損及現金流量表達意見。就其他方面而言，我們認為，該等財務報表已根據香港公司條例之披露規定適當地編製。

僅就我們於有關上述事項所載列的審核範圍所受限制而言，我們並未取得我們認為進行審核工作必需之全部資料及解釋。

華利信會計師事務所

英國皇家特許會計師

香港執業會計師

香港，2006年11月30日