



To the members

CIG-WH International (Holdings) Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 20 to 85 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, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 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.

FUNDAMENTAL UNCERTAINTY RELATING TO THE COLLECTIBILITY OF CONTRACT RETENTION RECEIVABLE AND ACCOUNTS RECEIVABLE

In forming our opinion, we have considered the adequacy of the disclosures made in note 17 to the financial statements concerning the collectibility of certain contract retention receivable and accounts receivable due from two contract customers (the “Debtors”). Included in the accounts receivable balance under current assets in the consolidated balance sheet as at 31 March 2004, are contract retention receivable of approximately HK\$1.5 million and accounts receivable of approximately HK\$7.9 million (collectively the “Receivables”), HK\$9.4 million in aggregate. Among the Receivables, only approximately HK\$0.8 million was settled subsequent to the balance sheet date. Except for the contract retention receivable of HK\$1.5 million, the Receivables were already overdue as at the balance sheet date. The Group has requested the Debtors to repay the outstanding balance but the request was in vain. Thus, the Group filed several legal claims to the High Court of Hong Kong against the Debtors. Although the directors of the Company, after consultation with their legal advisors, are of the view that the legal claims are valid, the outcome of such legal filings cannot be determined as at the date of this report.

Therefore, the directors of the Company are currently unable to determine with reasonable certainty the outcome of the legal proceedings. The directors are also unable to determine the time required to recover the Receivables and whether a provision, if any, is required against the unsettled portion of the Receivables. Further details of the collectibility of the Receivables are set out in note 17 to the financial statements. We consider that appropriate disclosures and estimates have been made 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 2004 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
26 July 2004