



安永會計師事務所

TO THE MEMBERS

CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 23 to 68 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.

FUNDAMENTAL UNCERTAINTY RELATING TO THE RECOVERY OF OUTSTANDING NOTE RECEIVABLE

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the recovery of a note receivable of HK\$23,500,000 as at the date of this report. The ability of the borrower to repay the note receivable is dependent upon its ability to obtain sufficient cash resources from maintenance contracts it has undertaken and/or to obtain sufficient financial support from its main contractor. Further details of the note receivable and the circumstances relating to this fundamental uncertainty are further described in note 20 to the financial statements. We consider that appropriate disclosures and estimates have been made and our opinion is not qualified in this respect.

REPORT OF THE AUDITORS

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 2002 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.

Ernst & Young

Certified Public Accountants

Hong Kong

24 July 2002