

## REPORT OF THE AUDITORS

## 核數師報告書

### CIL HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the financial statements on pages 29 to 91 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 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 circumstances of the Company and the Group, consistently applied and adequately disclosed.

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29至第91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

貴公司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，並僅向整體股東作出報告，而不作其他用途。本核數師不會就本報告之內容向任何其他人士負責或承擔責任。

### 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。

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### BASIS OF OPINION (Continued)

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 because due to the following:

**(1) Scope limitations arising from the prior year's audit scope limitations affecting opening balances.**

We draw your attention to the fact that the auditors' report for the year ended 30 June 2002 dated 31 July 2003, stated that we 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 adjustments found to be necessary to the respective opening balances of the net liabilities of the Group and the net assets of the Company would have a consequential effect on the results of the Group and the Company for the year ended 30 June 2003.

**(2) Interests in a subsidiary**

There were neither audited financial statements nor other financial information available of a subsidiary, Goldhill Merchandising Inc. ("Goldhill"). The books and records of Goldhill were not available for our audit purposes. We have been unable to carry out alternative audit procedures necessary to confirm the existence, ownership and carrying value of the investment.

### 意見之基礎 (續)

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。

然而，本核數師所獲得的資料受到以下限制：

**(1) 受到去年審核範圍之限制而引致對期初結餘之影響**

本核數師務請各股東注意，吾等已於二零零三年七月三十一日發表截至二零零二年六月三十日止年度之報告中表明，由於可取得之審核憑證可能出現範圍限制之影響，吾等未能就財務報表達致意見。本集團之期初負債淨值及本公司之期初資產淨值所作出之任何必需調整將對本集團及本公司截至二零零三年六月三十日止年度之業績構成影響。

**(2) 於附屬公司之權益**

附屬公司Goldhill Merchandising Inc. (「Goldhill」)既無經審核財務報表亦無其他財務資料。吾等未能取得審核Goldhill所需之賬簿及記錄。吾等未能開展所需之審核程序以確認該項投資之存在、所有權及賬面值。

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### BASIS OF OPINION (Continued)

#### (2) Interests in a subsidiary (Continued)

The consolidation of Goldhill was based on the unaudited management accounts of Goldhill for the year ended 30 June 2002, and the consolidated financial statements only incorporated the balance sheet of Goldhill as set out in note (1)(d)(ii) to the financial statements. This accounting treatment was not in compliance with SSAP 32 "Consolidated financial statements and accounting for investments in subsidiaries". We have been unable to carry out the audit procedures we considered necessary to satisfy ourselves that all the items of the balance sheet of Goldhill included in the consolidated balance sheet as at 30 June 2003 are fairly stated. Furthermore, the consolidation of the balance sheet of Goldhill was not translated at the rates prevailing at the balance sheet date as set out in the Group's accounting policies note 2 (q) to the financial statements. This accounting treatment was not in accordance with SSAP 11 "Foreign currency translation".

As a result, we are unable to satisfy ourselves whether the interest of the subsidiary has been properly accounted for, whether the information of the subsidiary has been properly disclosed in the financial statements, and whether the state of affairs of the Group and the Company as at 30 June 2003 and the results and cashflows of the Group for the year then ended have been fairly stated in the financial statements.

### 意見之基礎 (續)

#### (2) 於附屬公司之權益 (續)

Goldhill之合併賬目乃按Goldhill截至二零零二年六月三十日止年度之未經審核管理賬目計算，而合併財務報表僅納入Goldhill之資產負債表(見財務報表附註(1)(d)(ii))。此項會計處理並不符合會計實務準則第32號「合併財務報表及投資附屬公司之列賬」。吾等未能開展認為必要之審核程序，以使吾等信納計入二零零三年六月三十日之綜合資產負債表之Goldhill資產負債表內所有項目乃公平呈列。此外，Goldhill資產負債表之合併賬目並無按結算日之通行匯率換算(如財務報表附註2(q)本集團之會計政策所載)。此項會計處理並不符合會計實務準則第11號「外匯換算」。

因此，本核數師未能信納該附屬公司之權益是否已妥為列賬，該附屬公司之財務資料是否已適當地於財務報表中披露，以及本集團及本公司於二零零三年六月三十日之業績狀況及本集團截至該日止年度之業績及現金流動狀況是否已在財務報表中公平呈列。

### BASIS OF OPINION (Continued)

#### (3) Interests in associates

The Group made investments in three associates, namely Hightor Enterprises Limited, (“Hightor”) 廣州奧斯凱科技有限公司, and 廣州飛流電熱水器有限公司 in previous years. There were neither audited financial statements nor other financial information available for these associates. We have been unable to carry out alternative audit procedures to confirm the existence, ownership and carrying values of these investments.

The investments in these associates have been accounted for in the consolidated financial statements at cost, except for Hightor, with full provision made against the investment cost in previous year. This accounting treatment was not in accordance with SSAP 10 “Accounting of investments in associates”, which requires that the interests in associates be accounted for under the equity method, incorporating the share of the post acquisition results and the net assets of these associates and any provision for impairment in value.

As a result, we are unable to satisfy ourselves whether the interests in associates have been properly accounted for, whether the financial information of these associates has been properly disclosed in the financial statements and whether adequate provision has been made for impairment in value of these investments.

### 意見之基礎 (續)

#### (3) 於聯營公司之權益

貴集團於過往年度投資三家聯營公司 (即 Hightor Enterprises Limited (「Hightor」)、廣州奧斯凱科技有限公司及廣州飛流電熱水器有限公司。該等聯營公司既無經審核財務報表亦無其他財務資料。吾等未能開展所需之審核程序以確認該等投資之存在、所有權及賬面值。

除Hightor外，於該等聯營公司之投資已按成本值在合併財務報表中列賬，並於上年度就該項投資作出悉數撥備。此項會計處理並不符合會計實務準則第10號「於聯營公司投資之列賬」，該準則規定於聯營公司之權益按權益法列賬，納入應佔該等聯營公司收購後業績及資產淨值，並作出減值撥備。

因此，本核數師未能信納於該等聯營公司之權益是否已妥為列賬，該等聯營公司之財務資料是否已適當地於財務報表中披露，以及該等投資之減值是否已充份撥備。

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### BASIS OF OPINION (Continued)

#### (4) Goodwill

Goodwill arose from the acquisition of a subsidiary, Goldhill, during the year ended 30 June 2001. There were neither financial information available of Goldhill nor other audit procedures that we could adopt to assess the carrying value of goodwill at HK\$28,000,000 at the balance sheet date. We have been unable to satisfy ourselves whether such goodwill included in the financial statements is fairly stated and whether additional provision is required for impairment in value. Any adjustments to this amount would have significant effect on the net assets of the Group as at 30 June 2003 and the results of the Group for the year then ended.

#### (5) Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables are amounts due from various third party debtors totaling HK\$135,586,000, out of which HK\$11,000,000 represented deposits paid by the Group to acquire investments during the year. We have not been provided with documentary evidence to confirm the nature of the said deposit of HK\$11,000,000 made during the year and the existence, accuracy and completeness of these balances of HK\$135,586,000 at the balance sheet date. We have been unable to satisfy ourselves whether these receivables are fairly stated in the financial statements and any provision is required.

Any adjustments to these balances would have a significant effect in the net assets of the Group and the Company as at 30 June 2003, the results and cashflows of the Group for the year then ended.

### 意見之基礎 (續)

#### (4) 商譽

於二零零一年六月三十日止年度，收購附屬公司Goldhill產生商譽。由於Goldhill並無財務資料，而吾等亦未能採納其他審核程序以評估於結算日之商譽賬面值28,000,000港元。本核數師未能信納財務報表中所載有關商譽是否公平列賬，以及是否需要作出額外減值撥備。此一數額之任何調整均會對 貴集團於二零零三年六月三十日之資產淨值及 貴集團截至該日止年度之業績產生重大影響。

#### (5) 預付款項、按金及其它應收款項

預付款項、按金及其它應收款項包括多位第三方債權人結欠之款項合共135,586,000港元，其中11,000,000港元乃 貴集團於年內支付用以購入投資之按金。本核數師並無足夠證據確認上述於年內作出11,000,000港元之按金之性質，以及於結算日135,586,000港元之餘額之存在、其準確性及完整性。本核數師未能信納有關應收款項於財務報表中是否公平呈列及是否需要作出任何撥備。

該等餘額之任何調整將對 貴集團及 貴公司於二零零三年六月三十日之資產淨值及 貴集團截至該日止年度之業績及現金流動狀況產生重大影響。

### BASIS OF OPINION (Continued)

#### (6) Accounts receivable

Included in accounts receivable is a long overdue debt of HK\$2,601,010 due from a debtor, against which no provision has been made in the financial statements. Legal proceedings has been commenced to recover the amount due. We have been unable to satisfy ourselves whether the amount is recoverable in full. Any adjustment to the amount would have a consequential significant effect on the net assets of the Group as at 30 June 2003 and the profit for the year then ended.

#### (7) Subsequent events

The books and records of the Group have not been fully updated subsequent to the balance sheet date due to the resignation of key members of staff in the accounting department. Accordingly, we were not able to carry out the audit procedures we considered necessary to complete our review of subsequent events from the balance sheet date up to the date of our report. Such a review might have resulted in adjustments to the state of affairs of the Group and the Company as at 30 June 2003 and the profit and cash flows of the Group for the year then ended, as reported in these financial statements and additional disclosures in respect of non-adjusting events.

### 意見之基礎 (續)

#### (6) 應付賬款

應付賬款包括結欠一名債權人之長期逾期債項2,601,010港元，並無就該筆債項於財務報表中作出撥備。為收回該筆到期款項已展開法律訴訟。本核數師未能信納該筆款項能否全數收回。該筆款項之任何調整均會相應地對 貴集團於二零零三年六月三十日之資產淨值及 貴集團截至該日止年度之業績及現金流動狀況產生重大影響。

#### (7) 結算日後事項

因會計部門重要員工辭任， 貴集團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結算日後至本報告日期之結算日後事項。有關審閱或會導致須就 貴集團及 貴公司於財務報表中所申報於二零零三年六月三十日之財務狀況及 貴集團截至該日止年度之溢利及現金流動狀況作出調整，並就不調整事件作出額外披露。

### BASIS OF OPINION (Continued)

#### (8) Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have also considered the adequacy of the disclosures made in note 1 (c) to the financial statements, the financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the disputed claims as further detailed in note 30 to the financial statements and funds being available to the Group to carry on its business. The financial statements do not include any adjustments that would result from the crystallization of all or some of the disputed claims and the failure to obtain adequate funds to carry on the business of the Group on a going concern. We consider that appropriate disclosures have been made but the uncertainty surrounding the circumstances under which the Group might successfully to adopt the going concern basis are so extreme that we disclaimed our opinion.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

### 意見之基礎 (續)

#### (8) 有關持續經營之基本不明朗因素

就作出彼等之意見時，本核數師亦已考慮財務報表附註1(c)所作披露之充分性，財務報表乃以持續基準編製。該基準之有效性取決於所爭議索償（其他詳情載於財務報表附註30）之結果及貴集團可用於開展業務之基金。財務報表並無包括全部或部份爭議索償實現以及未能取得足夠資金以持續經營本集團業務時需要作出之調整。本核數師認為已作出適當披露，但貴集團能否成功持續經營業務存在極多不明朗因素，故本核數師不予發表意見。

於達致意見時，本核數師亦已評估財務報表中所呈列資料之整體充分性。本核數師認為審核工作為其意見提供了合理基礎。

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### DISCLAIMER OF OPINION

Because of the significance of (a) the fundamental uncertainty relating to the going concern basis of the Group, (b) the possible effects of the limitation in evidence available to us and (c) the non-compliance of SSAP 10, 11 and 32 relating to the accounting treatment for interests in a subsidiary and associates, as set out in the basis of opinion Section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view, in all material respects, of the state of the affairs of the Group as at 30 June 2003 and of the profit and cash flows of the Group for the year then ended and as to whether the financial statements have been prepared in accordance with the disclosure requirements of the 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 of accounts have been kept.

**Charles Chan, Ip & Fung CPA Ltd.**

*Certified Public Accountants*  
Hong Kong, 31 March 2004

**Chan Wai Dune, Charles**

*Practising Certificate Number P00712*

### 拒絕表示意見

由於(a) 貴集團持續經營之基本不明朗因素；(b)本核數師所取得之憑證可能出現範圍限制之影響及(c)並無遵守會計實務準則第10號、11號及32號有關於附屬公司及聯營公司權益之會計處理之規定(如本報告意見基礎一節所載)，因此本核數師未能就財務報表是否在各重大方面真實及公平地反映 貴集團於二零零三年六月三十日之業務狀況，或本集團截至該日止年度之盈利及現金流動狀況，以及財務報表是否根據公司條例之披露要求編製作出意見。

僅就本核數師工作限制(如本報告意見基礎一節所載)：

- (1) 吾等並未取得吾等認為審核工作所需之全部資料及闡述；及
- (2) 吾等未能釐定有否保存適當之賬簿及賬目。

**陳葉馮會計師事務所**

*執業會計師*  
香港，二零零四年三月三十一日

**陳維端**

*執業證書編號 P00712*