

# Auditors' Report



鄭國濤會計師事務所

**Hodgson Impey Cheng**

Chartered Accountants  
Certified Public Accountants

**TO THE MEMBERS OF  
ECOPRO HI-TECH HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 21 to 60 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 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 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.

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## *Fundamental uncertainties relating to (1) the completion of the intended acquisition of investment and (2) the going concern basis*

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the following fundamental uncertainties:

- (1) As more fully explained in Note 16 to the financial statements, in October 2000, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement for the acquisition of the entire equity interest in a company which engages in trading of mobile phones and related accessories, for a consideration of HK\$15,000,000. As at 31 March 2002, the Group had paid HK\$15,000,000 representing the entire consideration for the acquisition. The acquisition had not been completed as at 31 March 2002 due to the non-fulfillment of certain conditions as stipulated in the agreement, which included, inter alia, the reduction of indebtedness in the target company to a level acceptable to the Group, and the balance had been shown as a deposit paid for acquisition of investment accordingly. Pursuant to the supplemental agreement, the transaction was extended to be finalised on 30 September 2002. The directors expect that as and when the indebtedness in the target company had been reduced to a level acceptable to the Group, the acquisition would be completed as originally intended and the deposit would be transferred to investment in subsidiaries and the target company would be consolidated as a wholly-owned subsidiary of the Group. However, the directors are currently unable to determine with reasonable certainty the time required by the target company for the reduction of its indebtedness, which is not wholly within the control of the Group.
- (2) Since the balance sheet date, the Company has announced a proposed issue of new equity shares in the Company in the near future. In addition, the directors have formulated plans to expand the trade of the Group and enter new product markets which, the directors expect, will improve the liquidity position of the Group. On the basis that the planned share issue will be made and that the directors' plan to expand the trade of the Group and enter new product markets will materialise, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of implementation of the measures noted above. The financial statements do not include any adjustments that would result from a failure of implementation of such measures. Details of the circumstances relating to this fundamental uncertainty are disclosed in Note 2 to the financial statements.

We consider that the fundamental uncertainties described above have been adequately disclosed in the financial statements and our opinion is not qualified in these respects.

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## **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 Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**HLB Hodgson Impey Cheng**

*Chartered Accountants*

*Certified Public Accountants*

Hong Kong, 23 July 2002