

## 德勤·關黃陳方會計師行

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**Deloitte  
Touche  
Tohmatsu**

### **TO THE SHAREHOLDERS OF GUANGDONG KELON ELECTRICAL HOLDINGS COMPANY LIMITED**

廣東科龍電器股份有限公司

*(A Sino-foreign joint venture joint stock limited company established in the People's Republic of China)*

We have audited the financial statements on pages 8 to 51 which have been prepared in accordance with International Financial Reporting Standards.

### **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 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. 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.

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.

## OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2003 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.

Without qualifying our auditors' opinion, we draw to your attention that the comparative consolidated income statement for the year ended 31 December 2002 disclosed in the financial statements may not be comparable with the figures for the current year. The previous auditors explained in their auditors' report on the financial statements for the year ended 31 December 2001 that they were unable to obtain reasonable representations and assurances on which they could rely for the purposes of their audit and there were no satisfactory audit procedures that they could perform to obtain reasonable assurance that all material transactions were properly recorded and completely disclosed. Against this background, we were unable to conclude as to whether the net assets of the Group as at 31 December 2001 were free from material misstatement. Any adjustments to the opening net assets of the Group as at 1 January 2002 would affect the profit of the Group for the year ended 31 December 2002.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong, 19 April 2004