

Financial

Information

## Wall- mounted LCD Display

is designed as a picture frame and is equipped with USB slot for displaying photo album, creating home leisure.



## Auditors' Report



TO THE SHAREHOLDERS OF SKYWORTH DIGITAL HOLDINGS LIMITED

創維數碼控股有限公司

*(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 49 to 113 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, 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 Institute of Certified Public 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 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 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. Note 43(a) to financial statements discloses details of certain Charges and an Allegation, as defined in that note. In the absence of any further information about the Charges and the Allegation, the directors of the Company are unable to determine the financial impact that might arise in respect of the Charges and the Allegation and which might result in material adjustments to the net assets as at 1 April 2004 and to the results for the year ended 31 March 2005.

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.

## Auditors' Report

### **TAX INSPECTION**

In forming our opinion we have considered the adequacy of the disclosure made in note 43(c) to the financial statements which explains that certain subsidiaries of the Company in the People's Republic of China (the "PRC") are the subject of an inspection by the PRC tax authorities. Pending the finalisation of the respective tax inspection reports on a subsidiary of the Company, the directors of the Company believe that the Group has made sufficient tax provisions as at 31 March 2005. We consider that this matter has been adequately disclosed in the financial statements and our opinion is not qualified in this respect.

### **QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the Charges and the Allegation, in our opinion the financial statements give a true and fair view of state of affairs the Company and the Group as at 31 March 2005 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.

In respect alone of the limitation on our work relating to the Charges and the Allegation:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 August 2005