

# REPORT OF THE AUDITORS



安永會計師事務所

To the members  
SimSen International Corporation Limited  
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 23 to 95 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 Companies Act 1981 of Bermuda, 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. 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.

# REPORT OF THE AUDITORS



## FUNDAMENTAL UNCERTAINTY RELATING TO GOING CONCERN BASIS

The Group recorded net current liabilities of approximately HK\$12,081,000 as at 30 April 2005. In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the basis of the presentation of the financial statements prepared by the directors of the Company. As explained in note 3 to the financial statements, the financial statements have been prepared on a going concern basis, the validity of which depends upon the completion of the disposal of a 49.44% equity interest in Alexis Resources Limited (“Alexis”) and an interest-free shareholder’s loan in the principal amount of HK\$12,999,000 advanced by or on behalf of the Group to Alexis as planned and the implementation of other measures to attain positive cash flows. The financial statements do not include any adjustments that may be necessary if the going concern basis is not appropriate. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

## 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 30 April 2005 and of the loss 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, 23 August 2005