

Auditors' Report

Zhong Tian Qin Cai Shen Bao Zi (2001) No.B-243

To the Shareholders of Nanjing Panda Electronics Company Limited,

We have accepted the appointment to audit the Company's and the consolidated balance sheets as at 31st December 2000 for the Company, the Company's and the consolidated profit (loss) statements, profit appropriation statement and statements of cash flow for 2000. The responsibility of these financial statements will be the Company's. Our responsibility will be limited to the expression of opinion for these financial statements. Our audit was conducted in accordance with the Regulations Governing Auditing and Attesting Financial Statements by Certified Public Accountants in the People's Republic of China. In carrying out our audit, we have considered the actual situation of the Company to execute audit processes we consider necessary, including examination of accounting records.

In our opinion, the above financial statements are prepared in accordance with the "Accounting Regulations of the People's Republic of China for Enterprises" and "Accounting Regulations of the People's Republic of China for Joint Stock Companies", give a fair view generally on the financial position of the Company as at 31st December 2000 and the consolidated results and cash flow of the Company for 2000. The accounting policies in the financial statements for the year are complied with the principle of consistency.

Zhong Tian Qin Certified Public Accountants

Registered CPA, the PRC

Jiang Xian Shan

Zheug You Huai

15th March, 2001

Shenzhen, the PRC