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AUDITORS' REPORT TO THE SHAREHOLDERS OF VTECH HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 32 to 65. These financial statements are the responsibility of the Company's directors who are required to prepare financial statements which give a true and fair view. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of the financial position of the Company and the Group at 31st March 2001 and of its loss and cash flows for the year then ended in accordance with International Accounting Standards and have been properly prepared in accordance with the Bermuda Companies Act and the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27th June 2001