



安永會計師事務所

To the members
B-Tech (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 21 to 64 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 statements and to report our opinion to you.

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 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 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 because of the following matter:

Included in the consolidated balance sheet at 31st March, 2001 are other investments with fair values of approximately HK\$177 million as determined by the Directors of the Company. However, the Directors are unable to obtain sufficient reliable financial information for certain unlisted investments included therein aggregating approximately HK\$160 million for us to assess whether any adjustments may be necessary to the fair values at the balance sheet date. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence to determine the fair values of these investments. Any adjustments found to be necessary would have a consequential effect on the net assets of the Group at 31st March, 2001 and its loss for the year then ended.

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 uncertainties

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the adoption of the going concern basis on which basis the financial statements have been prepared. As explained in note 2 to the financial statements, the Group disposed of certain investments and properties subsequent to the balance sheet date and is currently undertaking a number of measures to relieve its current liquidity pressures, including the orderly disposal of the Group's investments and properties, the refinancing/rescheduling of certain short term loans and the arrangement of new/additional sources of debt and equity financing. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Group's disposal plans, financing plans and the ongoing support of a financial creditor of the Group. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful. We consider that appropriate estimates and disclosures regarding the above fundamental uncertainties have been made and our opinion is not qualified in this respect.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence to determine the fair values of the other investments referred to above, 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 31st March, 2001 and of its 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.

In respect alone of the limitations on our work as set out in the basis of opinion section of this report, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Ernst & Young

Certified Public Accountants

Hong Kong
23rd July, 2001