

Report of the Auditors



To the members

Multi-Asia International Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 18 to 58 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, except that the scope of our work was limited as explained below. 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. As further detailed in note 13 to the financial statements, the site plan and the property usage of the Group's property under development have been altered by the principal developer without obtaining the prior consent of the management of the Group. The directors are seeking legal advice to determine the appropriate action to be taken and are at this stage unable to determine (i) the carrying value of the property under development and (ii) the Group's obligations in connection therewith in light of the change in the development. In consequence, there is no reliable evidence to enable either the directors, or ourselves to determine if the carrying value of the property under development, at cost, amounting to approximately HK\$41,000,000 is fairly stated as at 31 March 2001. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the carrying value of the property under development. Any provision against this asset would have a consequential, possibly significant, effect on the loss for the year, shareholders' equity and the Group's net assets at 31 March 2001.

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 (continued)

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 concerning the carrying value of the property under development, 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 31 March 2001 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.

In respect alone of the limitation on our work relating to the Group's property under development, 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
27 July 2001