

德勤·關黃陳方會計師行

Certified Public Accountants
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**Deloitte
Touche
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TO THE MEMBERS OF
GREATER CHINA SCI-TECH HOLDINGS LIMITED
(FORMERLY KNOWN AS PAM & FRANK INTERNATIONAL HOLDINGS LIMITED)
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 22 to 59 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 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 circumstances of the Company and the Group, 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 as set out below.

Auditors' Report

Basis of opinion (Continued)

- (1) As explained in note 2(a) to the financial statements, the current directors are unable to obtain sufficient documentary evidence to satisfy themselves as to whether the following amounts included in the consolidated income statement based on unaudited management accounts relating to subsidiaries, which were either disposed of or liquidated during the period from July 1, 2000 to December 31, 2001, were fairly stated:
- Turnover of approximately HK\$12,202,000
 - Cost of sales of approximately HK\$17,511,000
 - Other revenue of approximately HK\$35,000
 - Selling and distribution costs of approximately HK\$594,000
 - Administrative expenses of approximately HK\$9,209,000
 - Finance costs of approximately HK\$11,435,000

The current directors are also unable to obtain sufficient documentary evidence and financial information to satisfy themselves as to the validity, proper recording and the recoverable amount of the Group's investment securities of approximately HK\$16,676,000, which was included in the consolidated balance sheet at June 30, 2000 and disposed of during the period from July 1, 2000 to December 31, 2001. As a result, the comparative figures at June 30, 2000 shown in the consolidated balance sheet and in the consolidated income statement for the year then ended may not be comparable with the figures for the current period.

Against this background, the current directors are unable to satisfy themselves as to whether the gain on disposal and liquidation of these subsidiaries of approximately HK\$145,038,000 included in the consolidated income statement for the period from July 1, 2000 to December 31, 2001 was fairly stated.

- (2) As explained in note 2(b) to the financial statements, the current directors are unable to obtain sufficient documentary evidence and financial information to satisfy themselves as to the recoverable amount of the exchangeable loan receivable of HK\$25,000,000 included in the consolidated balance sheet at December 31, 2001.

Basis of opinion (Continued)

Any adjustments arising from the matters described above would, as appropriate, affect the net assets of the Group and the Company at December 31, 2001 and the loss and cash flows of the Group for the period from July 1, 2000 to December 31, 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.

Qualified opinion arising from limitations 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 matters described in the basis of opinion section of this report, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at December 31, 2001 and of the loss and cash flows of the Group for the period from July 1, 2000 to December 31, 2001 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:

- (i) we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- (ii) we are unable to determine whether proper books of account have been kept.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong
April 26, 2002