

AUDITORS' REPORT

MOORE STEPHENS
CERTIFIED PUBLIC ACCOUNTANTS

**Auditors' Report to the Members of
Gorient (Holdings) Limited**
(Incorporated in Bermuda with limited liability)

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We have audited the financial statements on pages 22 to 52 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 required to prepare 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 solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 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 judgments 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. 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.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning advance payments in the total amount of HK\$17,350,000 made to procure inventories of electronics components from a certain third party supplier group. As at the date of these financial statements 60% of the order had been fulfilled with the balance of the order to be delivered by the end of September 2004. No sales of these inventories has been made to date and therefore their ultimate realisability in excess of their respective costs cannot be assured at the date of finalisation of these financial statements. Details of the circumstances relating to this fundamental uncertainty are described in note 20. We consider that the fundamental uncertainty has been adequately accounted for and disclosed in the financial statements and our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2004 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.

Moore Stephens
Certified Public Accountants

Hong Kong
26 July 2004