

Report of the Auditors



安永會計師事務所

To the members

RNA Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 20 to 72 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.

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

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 the financial statements have been prepared. As explained in note 2 to the financial statements, the going concern of the Group is dependent upon the implementation of certain financial measures involving, inter alia, the raising of additional funds, the ongoing support of the Group's bank and other creditors, and the attainment/maintenance of profitable and positive cash flow operations. The financial statements do not include any adjustments that would result from a failure to implement such measures.

We consider that appropriate disclosures have been made in the financial statements concerning this situation, but we consider that the inherent uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis are extreme, and accordingly, we have disclaimed our opinion.

DISCLAIMER OF OPINION

Due to the significance of the fundamental uncertainty relating to the going concern basis, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2001 and of the profit and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

Hong Kong

22 March 2002