Report Of The Auditors

Ernst & Young

To the members
KG NextVision Company Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 19 to 53 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 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.

Opinion

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 2003 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.

REPORT OF THE AUDITORS (Continued)

Emphasis of matter

Without qualifying our opinion above, we draw attention to the fact that our report dated 27 June 2002 on the financial statements of the Group for the year ended 31 March 2002, which form the basis for the comparative amounts presented in the current year's financial statements, was qualified on account of:

(i) A limitation of audit scope, since we were unable to ascertain that the profit and loss accounts of certain disposed entities for the period from 1 April 2001 to 30 September 2001 so consolidated are fairly stated, due to the fact that the books and records of these subsidiaries, or copies thereof, which were disposed of during the year ended 31 March 2002, were not retained by the Company and we were unable to obtain access to such books and records. Any adjustment to the profit and loss accounts of the disposed entities could have affected any or all of the comparative amounts reported in the consolidated profit and loss accounts for the year ended 31 March 2002, with a corresponding offsetting effect to the gain on disposal of discontinued operations, but would not affect the net loss from the ordinary activities attributable to shareholders of the Group for the year ended 31 March 2002 and the accumulated losses brought forward as at 1 April 2002. Likewise we reported that, we were unable to satisfy ourselves that certain other amounts and the relevant disclosures reflected in the consolidated statement of changes in equity, the consolidated cash flow statement for the year ended 31 March 2002 and the comparative amounts of turnover, other revenue and gains and finance costs disclosed under notes 5 and 7 to the financial statements, respectively, were fairly stated on account of the same lack of information; and

(ii) A disagreement about accounting treatments and disclosures, (a) because the consolidated profit and loss account of the Group for the year ended 31 March 2002 had consolidated the profit and loss accounts of these disposed entities from 1 April 2001 up to 30 September 2001 based on available unaudited management accounts as of that date, rather than the respective dates of disposal as required by Statements of Standard Accounting Practice 32 "Consolidated financial statements and accounting for investments in subsidiaries" and (b) because the comparative amounts reported in notes 6, 10 and 11 to the financial statements had not consolidated the relevant amounts of the disposed entities.

Accordingly, the comparative amounts, as detailed above, shown in these financial statements may not be reliable for purposes of comparison with the corresponding amounts presented for the current year.

Ernst & Young
Certified Public Accountant

Hong Kong, 28 July 2003