

REPORT OF AUDITORS

TO THE SHAREHOLDERS OF VISION TECH INTERNATIONAL HOLDINGS LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the financial statements on pages 18 to 42 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 financial statements and to report our opinion, solely to you as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, 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 Institute of Certified Public 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 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 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 because as explained by directors in note 2(a) to the financial statement, the financial statements have been prepared based on the available books and records provided by the Company and its subsidiaries. However, in view of the lack of supporting documents available, the directors were unable to represent that all transactions entered into by the Company and its subsidiaries for the year ended 31 March 2004 have been reflected in the books and records and in the financial statements. In this context, we are unable to verify all the figures reflected in note 5 to financial statements regarding the discontinued operation.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in the above paragraph. However, since the operation had been discontinued, any adjustment to the above figures would not affect the profit and cash flows of the Group for the year then ended.

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 of our opinion.

FUNDAMENTAL UNCERTAINTY RELATING TO GOING CONCERN BASIS

In forming our opinion we have considered the adequacy of the disclosures made in note 2(b) to the financial statements in respect of the fundamental uncertainties relating to the going concern basis for the preparation of financial statements.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the Group maintaining future profitable operations and the availability of financial support from a shareholder to support working capital of the Group. The financial statements do not include any adjustments that would result from a failure to obtain such financial support. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments have been found to be necessary had the evidence made available to us referred to 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 as at 31 March 2004 and of the profit 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 as set out in the basis of opinion section of this report:-

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

WONG LAM LEUNG & KWOK C.P.A. LIMITED

Certified Public Accountants (Practising)

Hong Kong, 25 October 2004

Ma Shuk Fong

Practising Certificate Number: P02311