

**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 STAR BIO-TECH (HOLDINGS) LIMITED  
(FORMERLY STAR CYBERPOWER HOLDINGS LIMITED)  
*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on page 18 to 63 which have been prepared in accordance with accounting principles generally accepted in Hong Kong other than as set out below.

**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 judgments 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. The consolidated balance sheet as at 30th June, 2000 included net liabilities of HK\$35,481,000 in respect of a subsidiary, Vincent Honour Limited an inactive subsidiary, on the basis of the unaudited management accounts. Accordingly, we were unable to satisfy ourselves that the gain on disposal of Vincent Honour Limited of HK\$7,468,000, included in the consolidated income statement for the year ended 30th June, 2001 was fairly stated in the financial statements. Any adjustments to these figures would have a consequential effect on the retained reserves of the Group as at 30th June, 2000 and on the loss of the Group for the year ended 30th June, 2001.

### FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosure made in note 3 to the financial statements. The Group is, through its financial advisors, conducting discussions with certain potential strategic investors with a view to potential equity injection. Provided that the negotiations can be successfully completed with potential investors for the injection of new equity capital, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain such funding. We consider that the fundamental uncertainty has been adequately disclosed in the financial statements and our opinion is not qualified in this respect.

### QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT AND LIMITATION OF AUDIT SCOPE

As explained in note 26 in the financial statements, under an agreement ("Cooperation Agreement") with a third party (the "Partner") the Group was required to inject an agreed amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) into an investee company within the specified period of time ("Period") in return for a 25% equity interest in that investee company. However, having failed to make the injection within the Period, the Group is subject to a forfeiture of US\$1,000,000 (approximately HK\$7,800,000). The directors have not made any provision for any amount to be forfeited in these financial statements on the basis that the Company is currently in the process of negotiation with the Partner for the extension of the Period. However, in our opinion, a provision of HK\$7,800,000 should have been made in these financial statements to reflect the obligations of the Group under the Cooperation Agreement thereby increasing loss before taxation for the year and reducing the net assets as at 30th June, 2001 by that amount.

Except for any adjustments that might have found to be necessary had we been able to obtain sufficient evidence concerning Vincent Honour Limited and except for the absence of the provision referred to above, 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 30th June, 2001 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.

In respect alone of the limitation on our work relating to Vincent Honour Limited:

- (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.

Without qualifying our opinion we draw to your attention that included in the consolidated income statement for the period from 1st April, 1999 to 30th June, 2000 was a loss on the disposal of Chung Hwa Media Holdings Limited of HK\$9,324,000, which prior to disposal had been included in the financial statements on the basis of unaudited management accounts. Accordingly, we were unable to satisfy ourselves that the amount was fairly stated in the financial statements for the year ended 30th June, 2000.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong, 30 November 2001