

AUDITORS' REPORT

德勤 • 關黃陳方會計師行

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Hong Kong

**Deloitte
Touche
Tohmatsu**

TO THE MEMBERS OF E-LIFE INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 20 to 60 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, except that the scope of our work are 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.

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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 as set out below.

- (1) As explained in note 2(a) to the financial statements, the following amounts are included based on unaudited management accounts in the consolidated financial statements in respect of a subsidiary of the Company, namely Tri-star Forwarders Inc. ("Tri-star") for the eight-month period ended 30th November, 2001, being the most up to date financial information the directors could obtain prior to the disposal of Tri-star on 5th March, 2002.
 - Turnover of approximately HK\$13,258,000
 - Cost of sales of approximately HK\$10,754,000
 - Administrative expenses of approximately HK\$1,404,000

Against this background, the directors were unable to satisfy themselves regarding; the reliability of the above amounts, the results of Tri-star for the period from 1st December, 2001 to 5th March, 2002, the classification of the income statement as between loss from operations and gain on disposal/deemed disposal of interests in subsidiaries, which includes a loss of HK\$649,000 in respect of the disposal of Tri-star and the reliability of the segmental information in note 6 to the financial statements so far as it relates to Tri-star.

- (2) As explained in note 2(b) to the financial statements, included in the balance sheet of the Group as at 31st March, 2001 were net liabilities of HK\$1,838,000 in respect of certain subsidiaries; being the net liabilities of those subsidiaries as at the respective latest dates for which information could be obtained. Those subsidiaries have been disposed of by the Group during the year. Against this background, the directors were unable to satisfy themselves as to whether the gain on disposal of interests in these subsidiaries of HK\$3,008,000 was fairly stated. Any adjustment to the above amount would affect the opening net assets of the Group as at 1st April, 2001 and the loss 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 for our opinion.

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QUALIFIED OPINION ARISING FROM LIMITATIONS OF AUDIT SCOPE

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 31st March, 2002. Except for possible adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the matters described in the basis of opinion section of this report, in our opinion the financial statements give a true and fair view of the loss and cash flows of the Group for the year ended 31st March, 2002 and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations 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 accounts have been kept.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 26th July, 2002