

Auditors' Report



德勤·關黃陳方會計師行

Certified Public Accountants
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**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF LIFETEC GROUP LIMITED

生命科技集團有限公司

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 24 to 69 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 to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standard 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 as follows.



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Basis of opinion *(continued)*



Included in creditors and accrued charges of the Group as at 31 December 2001 was an amount of approximately HK\$11,700,000 relating to several independent parties. However, we were unable to obtain either confirmations from these parties or other supporting evidence to satisfy ourselves as to the nature of the recorded balances due to these independent parties and whether the recorded balances were fairly stated as at 31 December 2001. Accordingly, we were unable to satisfy ourselves as to the appropriateness of the release of such amount to the consolidated income statement during the year as set out in note 6 to the financial statements. Any adjustments found to be necessary to the figure above would affect the loss of the Group for the year ended 31 December 2002.

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.

Qualification opinion arising from limitation 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 31 December 2002. Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the write back of other payables during the year, 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 31 December 2002 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 the write back of other payables:

- 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.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong, 24 April 2003

