

Auditors' Report

德勤·關黃陳方會計師行

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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 21 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 solely to you, as a body, in accordance with section 90 of the Bermuda Companies Acts, 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 Society of Accountants, except that the scope of 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)

As disclosed in note 33 to the financial statements, the Group disposed of its entire equity interest in a subsidiary, Goldstone International Holdings Limited ("Goldstone"), during the year. As Goldstone's contributions to the Group's turnover and profit for the year of HK\$16,548,000 and HK\$629,000 respectively are based on unaudited management accounts for the seven months ended 31 July 2003, we were unable to satisfy ourselves that these amounts, together with the loss arising on disposal of HK\$14,948,000, are free from material misstatement. Any adjustments found to be necessary to the above amounts would affect the classification of the consolidated income statement on page 21 and consolidated cash flow statement on pages 26 and 27. Similarly, we were unable to satisfy ourselves that the analysis of net liabilities of HK\$48,772,000 of Goldstone at the date of disposal, as disclosed in note 33 to the financial statements, is 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.

QUALIFIED OPINION ARISING FROM LIMITATION OF 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 2003. Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the financial information of Goldstone as explained above, in our opinion the financial statements give a true and fair view 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 relating to Goldstone:

- 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.

Without qualifying our opinion, we draw to your attention that included in the consolidated income statement for the year ended 31 December 2002 was a write back of other payables to several independent parties amounting to HK\$11,700,000. We were unable to obtain either confirmations from relevant independent parties or other supporting evidence to satisfy ourselves as to the appropriateness of the treatment of such amount and, accordingly, as to whether the comparative consolidated income statement for the year ended 31 December 2002 is free from material misstatement.

Deloitte Touche Tohmatsu

Hong Kong, 23 April 2004