

Auditors' Report

Deloitte. 德勤

TO THE MEMBERS OF CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司

(FORMERLY KNOWN AS E-LIFE INTERNATIONAL LIMITED 益華國際投資集團有限公司)

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Best Group Holding Limited (“the Company”) and its subsidiaries (“the Group”) from pages 29 to 93 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 consolidated financial statements which give a true and fair view. In preparing consolidated 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 consolidated financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed 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 consolidated financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2(ii) to the consolidated financial statements which explain that the directors are taking steps to improve the liquidity position and financial performance of the Group in light of the consolidated net current liabilities of approximately HK\$89.3 million at 31st December 2005 and loss of approximately HK\$161.0 million for the year then ended. These steps include the Company raising HK\$51.9 million through a private placement of its equity shares in March 2006, negotiation with the Group's lenders to extend and reschedule the repayment of its fixed-rate borrowings of approximately HK\$44.8 million at 31st December, 2005, and various measures to improve the operating cash flows and financial position of its investments, including its subsidiary, Shanxi Changxing Yuci Coking Co. Limited, which had net current liabilities of approximately HK\$138.1 million as at 31st December, 2005.

Provided that the Group can extend and reschedule the repayment of the fixed-rate borrowings from lenders and improve the operating results and cash flow position through the implementation of various measures as described in note 2(ii) to the consolidated financial statements, 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 consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon successful rescheduling of the borrowings and the ability to improve the operating results and cash flow through various measures. The consolidated financial statements do not include any adjustments that may result from the failure to reschedule the borrowings and failure to improve the operating results and cash flow through the measures as detailed in note 2(ii) to the consolidated financial statements. We consider that the fundamental uncertainty has been adequately disclosed in the consolidated financial statements and our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2005 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28th April, 2006