

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 E-LIFE INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 18 to 61 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 audit 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 Group's 47.11% interest in associated company Nanjing E-Life Gene Technology Company ("E-Life Gene") is included in the consolidated balance sheet at a carrying value of HK\$48,018,000 as at 31st March, 2003. However, we were unable to obtain sufficient evidence to satisfy ourselves as to E-Life Gene's ownership of an investment at cost

of RMB80,000,000 as at 31st March, 2003. Also, we were unable to obtain sufficient evidence to assess whether any impairment loss is required to be recognised in respect of E-Life Gene's investment. Accordingly, we were unable to satisfy ourselves that the Group's interest in E-Life Gene was free from material misstatement. Any adjustment found to be necessary would reduce the net assets of the Group as at 31st March, 2003 and increase the net loss 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.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient information concerning the carrying amount of the interest in an associate, 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, 2003 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 the interest in an associate, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 28th July, 2003

AUDITORS' REPORT