

核數師報告書

Report of the Auditors



安永會計師事務所

致：香港藥業集團有限公司
(於百慕達註冊成立之有限公司)
列位股東

除下述外，我們已審核刊於第23頁至第99頁按照香港公認會計原則編製之財務報表。

董事及核數師各自之責任

貴公司董事須負責編製真實及公允之財務報表。在編製真實及公允之財務報表時，必須選擇並貫徹採用合適的會計政策。我們的責任是根據我們審核工作的結果對該等財務報表作出獨立意見，此意見僅按百慕達1981年公司法第90節向股東報告，而不作其他用途，吾等不就本報告之內容，對任何其他人士負責或承擔任何責任。

意見之依據

我們按照香港會計師公會頒佈的核數準則進行審核工作。審核工作包括以抽查方式查證與財務報表所載數額及披露事項有關的憑證，亦包括評估董事在編製該等財務報表時所作的重要估計及判斷，以及所選用的會計政策是否適合貴公司及貴集團的具體情況及有否貫徹運用並足夠披露該等會計政策。

我們策劃和進行審核工作時，均以取得一切我們認為必要的資料及解釋為目標，使我們能獲得充份的憑證，就該等財務報表是否存有重要錯誤作合理的確定。在達致我們的意見時，我們亦已衡量該等財務報表所呈報資料在整體上是否足夠。我們相信我們的審核能為我們的意見提供合理的基礎。

To the members

Hong Kong Pharmaceutical Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 23 to 99 which have been prepared in accordance with accounting principles generally accepted in Hong Kong, other than as set out below.

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 Act 1981, 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. An audit includes an 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, 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 financial statements are 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.

有關持續經營基準的基本不明朗因素

在作出意見時，我們已考慮財務報表附註2是否已就財務報表按持續經營基準編製作出適當披露。誠如財務報表附註2，貴集團現正採取多項措施以紓解其現時之資金周轉問題。按持續經營基準編製財務報表，其有效性視乎 貴集團之建議債務重組計劃是否順利推行， 貴集團之主要銀行及其他貸款人是否持續支持以及能否向外籌得新的資金及營運是否達到盈利及正現金流量。財務報表並未載入任何因 貴集團未能實施上述措施而須作出的相應調整。我們認為財務報表已對該等事項作出適當的披露，但由於有關持續經營基準的基本不明朗因素影響重大，因此，我們未能就此發表意見。

關於會計處理之不同意見－應收中間控股公司之款項撥備不足

誠如財務報表附註22詳細解釋，列於資產負債表內流動資產之 貴集團應收中間控股公司款項，為 Tin Ming Management Limited及 Hong Tau Investment Ltd.拖欠 貴集團共計約13,378,000港元(包括利息約864,000港元)款項。此應收款之還款期已作數次更改及已延期至二零零四年三月三十一日，而於結算日後直至本報告當日只有700,000港元已償還。縱使還款條款已更改，但我們認為該筆債項並無任何抵押，也欠缺關於該等中間控股公司之其他財務資料及其有否償還欠款能力的可靠資料，我們相信 貴集團不大可能悉數收回餘額約12,678,000港元，而該等應收款應予以撥備。但由於欠缺足夠資料，所以無法計算撥備之金額。若作出該撥備，則截至二零零三年三月三十一日止年度 貴公司及 貴集團之股東應佔日常業務虧損淨額將會按上述金額增加，及於二零零三年三月三十一日 貴公司及 貴集團之資產淨值將會相應減少。

FUNDAMENTAL UNCERTAINTY RELATING TO GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in note 2 to the financial statements, the Group is currently undertaking a number of measures to relieve its current liquidity problems. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the proposed debt restructuring plan of the Group, the ongoing support of the Group's principal banks and other lenders, the availability of additional external funding and the attainment of profitable and positive cash flow operations. The financial statements do not include any adjustment that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate disclosures have been made, but the fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that we have disclaimed our opinion.

DISAGREEMENT ABOUT ACCOUNTING TREATMENT – INSUFFICIENT PROVISIONS AGAINST AMOUNTS DUE FROM INTERMEDIATE HOLDING COMPANIES

As more fully explained in note 22 to the financial statements, the Group's receivables from intermediate holding companies included in current assets in the balance sheet comprise an aggregate amount of approximately HK\$13,378,000, inclusive of interest of approximately HK\$864,000, due from Tin Ming Management Limited and Hong Tau Investment Ltd. The repayment dates of these receivables have been revised on a number of occasions, and have been further extended to 31 March 2004. Only HK\$700,000 has been settled subsequent to the balance sheet date. Notwithstanding the revised repayment terms, we consider that, in the absence of any security for these debts or other reliable financial information about these intermediate holding companies and their ability to settle these overdue amounts, we believe that the Group is unlikely to recover the remaining balance of approximately HK\$12,678,000 in full and a provision should have been made against these receivables. However, due to the absence of sufficient information, it is also impracticable to quantify the amount of the provision to be made. If such provision had been made, the Company's and the Group's net loss from ordinary activities attributable to shareholders for the year ended 31 March 2003 would have been increased and the Company's and the Group's net assets as at 31 March 2003 would have been reduced by the amounts thereof.

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Report of the Auditors

未能就財務報表發表意見

由於持續經營基準的基本不明朗因素影響重大，我們未能就財務報表是否真實與公允地反映 貴公司及 貴集團於二零零三年三月三十一日的財務狀況，及 貴集團截至該日止年度的虧損及現金流量及是否按照香港公司條例的披露要求而適當編製發表意見。

若我們並非未能發表意見，我們亦須就上述之應收中間控股公司款項的撥備不足方面持保留意見。

安永會計師事務所
執業會計師

香港
二零零三年十二月十二日

DISCLAIMER OF OPINION

Because of the significance of the fundamental uncertainty relating to the going concern basis, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 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.

Had we not disclaimed our opinion, we would have qualified our report with respect to the disagreement about the accounting treatment relating to insufficient provisions against amounts due from intermediate holding companies as set out in the basis of opinion section of this report.

Ernst & Young
Certified Public Accountants

Hong Kong
12 December 2003