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REPORT OF THE AUDITORS

核數師報告

Auditors' report to the shareholders of
Hon Po Group (Lobster King) Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 25 to 73 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, 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 Institute of Certified Public Accountants. 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 judgements 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 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.

致漢寶集團(龍蝦大王)有限公司
全體股東之核數師報告
(於開曼群島註冊成立之有限公司)

本核數師已完成審核刊於第25頁至73頁按照香港公認會計原則編製的財務報表。

董事及核數師各自之責任

貴公司董事須負責編製真實與公平的財務報表。在編製該等真實兼公平之財務報表時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核工作的結果，對該等財務報表作出獨立意見，並僅向股東作為一個團體作出報告，而非作其他用途。本核數師不會就本報告內容對其他人仕負責或承擔責任。

意見之基礎

本核數師已按照香港會計師公會所頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報表時所作之重大估計和判斷，所採用之會計政策是否適合貴公司及貴集團之具體情況，及有否貫徹應用並充份披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得所有吾等認為必需之資料及解釋為目標，以便獲得充分憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等財務報表所載之資料在整體上是否足夠。本核數師相信，我們之審核工作已為下列意見提供合理之基礎。

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 1(c) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As at 31 December 2004, the Group had net liabilities of HK\$35,585,000 and net loss of HK\$39,988,000 for the year then ended. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available to meet its debts as and when they fall due in the foreseeable future. The financial statements do not include any adjustments that would result from the failure to obtain such funding. We consider that appropriate estimates and disclosures have been made in the 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 Company and of the Group as at 31 December 2004 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.

CCIF CPA Limited
Certified Public Accountants
 Hong Kong, 22 April 2005

Chan Wai Dune, Charles
 Practising Certificate Number P00712

有關持續經營基準存在基本不明朗之情況

於達致意見時，本核數師已考慮財務報表附註1(c)作出之披露之完備性，財務報表乃根據持續經營基準編製。於二零零四年十二月三十一日，貴集團之負債淨額為35,585,000港元及截至該日止年度之虧損淨額為39,988,000港元。財務報表乃根據持續經營基準編製，其有效性須取決於未來會否具備資金償還於可見將來到期之債項。此等財務報表並無包括未能取得該筆資金而可能需要作出之任何調整。本核數師認為財務報表中已作出適當估計及披露，本核數師對此情況不作出保留意見。

意見

本核數師認為財務報表可真實公平地反映貴公司及貴集團於二零零四年十二月三十一日之財務狀況，以及貴集團截至該日止年度之虧損及現金流量，且乃按香港公司條例之披露規定而妥善編製。

陳葉馮會計師事務所有限公司
 執業會計師
 香港，二零零五年四月二十二日

陳維端
 執業證書號碼P00712