



SHINEWING (HK) CPA Limited
Suites 09-18, 20/F.
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

核數師報告書

致山東新華製葯股份有限公司列位股東

(於中華人民共和國註冊成立之股份有限公司)

本核數師行已完成審核山東新華製葯股份有限公司(「貴公司」)及其附屬公司(「貴集團」)載於第87頁至第157頁按照香港普遍採納之會計準則編制之綜合財務報表。

董事及核數師的個別責任

貴公司之董事須負責編制真實與公平的綜合財務報表。在編制該等提供真實與公平意見之綜合財務報表時，董事必須貫徹採用合適的會計政策。

本行之責任是根據本行審核工作的結果，對該等財務報表表達獨立的意見向整體股東報告，而本報告不得用於其他用途。本行不會就本報告的內容向任何其他人士負責或承擔任何責任。

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHANDONG XINHUA PHARMACEUTICAL COMPANY LIMITED

(a joint stock limited company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Shandong Xinhua Pharmaceutical Company Limited ("the Company") and its subsidiaries ("the Group") from pages 87 to 157 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 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.

核數師報告書 (續)

AUDITORS' REPORT (continued)

意見之基礎

本行是按照香港會計師公會發出的香港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的憑證，亦包括評估董事於編制該等財務報表時所作的重大估計和判斷、所釐定的會計政策是否適合貴集團的具體情況，及是否貫徹應用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時，均以取得一切本行認為必需的資料及解釋為目標，使本行能獲得充份的憑證，就該等財務報表是否存有重要錯誤陳述，作出合理的確定。在表達意見時，本行亦已衡量該等財務報表所載的資料在整體上是否足夠。本行相信，本行的審核工作已為下列意見建立了合理的基礎。

意見

本行認為上述綜合財務報表均真實與公平地反映貴集團於二零零五年十二月三十一日的財務狀況及貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露要求妥善編制。

信永中和(香港)會計師事務所有限公司

執業會計師

樓妙敏

執業證書編號：P03603

香港

二零零六年三月二十四日

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 judgements 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.

Opinion

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

ShineWing (HK) CPA Limited

Certified Public Accountants

Lau Miu Man

Practising Certificate Number : P03603

Hong Kong

24 March 2006