



羅兵咸永道會計師事務所

PricewaterhouseCoopers

22nd Floor Prince's Building
Central Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF GZITIC HUALING HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 25 to 69 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts 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 accounts 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. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

致國信華凌集團有限公司全體股東

(於香港註冊成立之有限公司)

本核數師已完成審核第二十五至第六十九頁之賬目，該等賬目乃按照香港普遍採納之會計原則編製。

董事及核數師各自之責任

香港公司條例規定董事須編製真實兼公平之賬目。在編製該等真實兼公平之賬目時，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之結果，對該等賬目作出獨立意見，並向股東報告。

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賬目所載數額及披露事項有關之憑證，亦包括評審董事於編製賬目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與貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等賬目是否存在有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等賬目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

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the accounts concerning the adoption of the going concern basis for the preparation of the accounts. As detailed in Note 1 to the accounts, the Group incurred a consolidated net loss attributable to the shareholders of HK\$250,359,000 for the year ended 31 December 2002 and had net current liabilities of HK\$301,601,000 as of 31 December 2002. The Group largely finances its day to day working capital requirements using short-term bank loans. As disclosed in Note 22 to the accounts, its bank loans are due for repayment in 2003. The Group is currently negotiating with its bankers to roll over these loans and/or to extend their repayment terms and for additional financing to meet its estimated needs. Bank loans of approximately RMB218,484,000 outstanding as at 31 December 2002 have subsequently been rolled over for a further year and no loan facilities have been withdrawn by the banks since that date. At the same time, the Group is taking steps to improve the profitability and cashflows of its operations.

The audited accounts have been prepared on a going concern basis, the validity of which depends upon the success of the measures to improve profitability and cashflows, the successful renewal and/or extension of the short-term bank loans or alternatively the availability of financing from other sources, and the availability of additional financing. The audited accounts do not include any adjustments that would result should the Group fail to continue to operate as a going concern. Details of the circumstances relating to this fundamental uncertainty are described in Note 1 to the accounts. We consider that appropriate disclosures of the fundamental uncertainty have been made in the audited accounts and our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the Group as at 31 December 2002 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 April 2003



基本不明朗因素

為達致本核數師之意見，本核數師已考慮於賬目附註一有關採用持續經營之基準以編制 貴集團賬目所作的披露是否足夠。如賬目附註一所述，貴集團截至二零零二年十二月三十一日止年度之股東應佔虧損為港幣250,359,000元而當日之流動負債淨額約為港幣301,601,000元。貴集團主要運用短期銀行借款作為日常營運資金之來源。如賬目附註二十二所述，貴集團之短期銀行借款將於二零零三年到期。為了保持足夠的資金支持，貴集團正在與銀行方面溝通以續簽或延長借款期限和取得額外融資。截至二零零二年十二月三十一日未償還之約人民幣218,484,000元銀行借款已續簽了一年，而且，無任何貸款額度被銀行撤回。同時，貴集團正在積極採取措施提高其經營之收益性及現金流。

此經審計賬目乃根據持續經營基準編制，其有效性視乎貴集團能否成功提高經營之收益性及現金流，成功續借或延長長期借款或實施其他財務方案及另外之籌資渠道。賬目並無包括在貴集團未能持續經營時作出之任何調整。本核數師認為基本不明朗因素已於賬目內適當地披露，於此本核數師並無保留意見。

意見

本核數師認為，上述之賬目足以真實兼公平地顯示貴公司與貴集團於二零零二年十二月三十一日結算時之財務狀況，及貴集團截至該日止年度之虧損及現金流量，並按照香港公司條例妥為編製。

羅兵咸永道會計師事務所
香港執業會計師

香港，二零零三年四月十六日