



安永會計師事務所

To the members

**South East Asia Wood Industries Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 23 to 54 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. 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.

## 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 2000 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.

## EMPHASIS OF MATTER

Without qualifying our opinion above, we draw attention to the fact that certain subsidiaries disposed of in the prior year, representing the Group's entire operations in Lao People's Democratic Republic (the "Laos Operations") which were consolidated for the period from 1 October 1998 up to the date of their disposal in the comparative amounts to the current year's financial statements, were consolidated based on their unaudited management accounts. Further details of the amounts so consolidated are set out in notes 6 and 23(b) to the financial statements. As explained in our qualified audit opinion for the period ended 31 December 1999, dated 26 July 2000, we were unable to obtain sufficient information to satisfy ourselves that the amounts so consolidated in respect thereof were fairly stated. Any adjustments to these comparative amounts would affect the classification of the consolidated profit and loss account. For the same reasons, we had been unable to satisfy ourselves that the comparative amounts of the analysis of the operations and the analysis of net assets disposed of set out in note 6 and note 23(b) to the financial statements, respectively, with respect to the Laos Operations were fairly stated.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong  
12 April 2001