

# Report of the Auditors



**ARTHUR ANDERSEN**

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**Auditors' Report to the Shareholders of  
CEC INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 34 to 75 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 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 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 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.

## Report of the Auditors



### Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the group's ongoing financing arrangements. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support of the group's banks and on the success of future operations. The financial statements do not include any adjustments that would result from the failure to maintain the existing banking facilities of the group on similar terms and conditions or should the group's future operations not be successful. Details of the circumstances relating to this fundamental uncertainty are described in Note 2.a to the financial statements. We consider that appropriate 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 30th April, 2001, 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.

### ARTHUR ANDERSEN & CO

*Certified Public Accountants*

Hong Kong, 31st July, 2001.