

On behalf of the Board of Directors (the "Directors"), it is my great pleasure to present to our shareholders the annual report of South East Asia Wood Industries Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2001.

Global economic downturn presented a very challenging operating environment to business enterprises. The Group took the opportunity to spruce up its strengths and competitive edge by revisiting and refocusing its business strategy, product portfolio and production capacity. This organization evolution is critical in fully equipping the Group to maximize its potential and optimize its business performance. The Directors believe that the Group is now well poised to seize on every emerging opportunity in the year ahead and beyond.

The Group has devoted a lot of efforts and resources in the strategic business repositioning and tactical product portfolio refinement. The Directors trust that the market driven approach is particularly critical to ensure the Group's survival in an increasingly competitive operating environment.

During the year, the Group continued to broaden its business development activities and foster relationship with certain major suppliers. On the other hand, prospects in cementing long-term relationship with key buyers are promising.

Looking ahead, the Directors are confident that the Group's strategic business repositioning, tactical product portfolio refinement and intensive market driven pursuits will well-position the Group to gauge the changing demands and capitalize on emerging opportunities. Although global economic downturn may present a temporary stumbling block to the Group's development path, the Directors are confident of the Group's resilience in tough market conditions and its ability to reap and rebound remarkably from the first very sign of economic recovery.

本人謹代表董事會（「董事會」）向各股東提呈東南亞木業集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零一年十二月三十一日止年度之年報。

全球經濟衰退為各行各業帶來滿佈挑戰之營商環境。本集團藉此機會重新檢討及專注於其業務策略、產品組合及生產力，從而強化其優勢及競爭力。集團重組之關鍵在於為本集團全面裝備，務求發揮最佳潛力及達致最佳業務表現。董事會相信現階段已準備就緒，以抓緊未來湧現之商機。

本集團一直致力於策略性業務重組及策略產品組合改良，並投入大量資源。董事會相信為確保本集團於競爭日益劇烈之營商環境中生存；採用市場主導政策尤其關鍵。

年內，本集團繼續擴闊其業務發展活動，以及促進與若干主要供應商之關係。另一方面，鞏固與主要買家之長期關係之進展亦甚為理想。

展望將來，董事會深信本集團之策略性業務重組、策略產品組合改良及對市場主導之積極追求將使本集團作好充足準備，以掌握變化不定之需求及在湧現之商機中獲利。儘管全球經濟不景氣可能是本集團發展路上之絆腳石，但董事會對本集團在嚴峻之市場環境下之適應能力及其在經濟復甦時隨即恢復及取得成就之能力充滿信心。

RESULTS

The Group recorded a consolidated turnover of HK\$52,753,000 for the year ended 31 December 2001 (2000: HK\$58,451,000), slipped by 9.7% as compared with last year. Net loss attributable to shareholders was HK\$10,244,000 (2000: profit of HK\$41,224,000).

As at 31 December 2001, total assets amounted to HK\$1,281,204,000 (2000: HK\$160,515,000). Net assets amounted to HK\$239,611,000 (2000: HK\$104,391,000).

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year.

BUSINESS REVIEW AND OUTLOOK

The Group was mainly involved in the manufacture and sale of plywood. Lots of effort were put in the business repositioning in the hope to strengthen the core business of the Group and reinforce its brand name. As the wood industry is still suffering from the arduous economic environment, the operating environment remains difficult. The Directors have been adopting a number of measures to sustain the performance of the Group, including refocusing the business strategy and product portfolio. Yet the Group has experienced an unexpected slowdown. The measures appear to have worked in the second half of the year but the business was not rebounding as fast as the management expected.

The decrease in total turnover was caused by the aggressive market competition in plywood products, coupled with the unexpected continuous decline in demand since 2000. Whilst looking forward to benefiting from the opening up of untapped markets arising from PRC's WTO accession, the management continues its efforts to improve productivity, reduce operating costs and enhance the quality of products.

業績

本集團截至二零零一年十二月三十一日止年度之綜合營業額為52,753,000港元(二零零零年:58,451,000港元)較去年下跌9.7%。股東應佔虧損淨額為10,244,000港元(二零零零年:溢利41,224,000港元)。

於二零零一年十二月三十一日,總資產為1,281,204,000港元(二零零零年:160,515,000港元)。資產淨額達239,611,000港元(二零零零年:104,391,000港元)。

股息

董事會不建議就本年度派發任何股息。

業務回顧及展望

本集團主要從事製造及銷售膠合板。年內,本集團投入大量資源重整業務,以期鞏固本集團之核心業務及提高品牌知名度。鑒於木業市場繼續受疲弱經濟所影響,經營環境仍然困難。董事會已採納若干措施維持本集團之業績表現,包括重整業務策略及產品組合,惟仍未能力挽狂瀾。該等措施於下半年開始出現成效,惟業務增長速度未能達致管理層所預期之程度。

總營業額下跌乃由於膠合板產品之市場競爭激烈及未能預計自二零零零年以來市場需求持續下滑所致。在寄望中國加入世貿後能從開發之國內市場獲益之際,管理層繼續致力提高生產力、減少經營成本及提高產品質素。

Despite the difficulties the Group has faced, the Group continues to pursue active developments in its core business, including developing environmentally friendly glue to manufacture the plywood products. Efforts will also be made to diversify the products and expand the customer base to secure the market share and to satisfy the customers' demand and requirements. The management is also exploring manufacturing and trading opportunities of timber products in the hope to command a higher profit margin.

Strategic alliance has been formed with strong partners. To cater for future growth of the Group, in February 2002, new directors with expertise and extensive experience in the forestry and aluminium industry have joined the Group. This will provide the Group with a competitive edge in new business ventures. To take advantage of this, the Directors are actively exploring investment opportunities and working hard in business rationalization and diversification. It is expected that it offers a route to successful growth for the Group in the long run. These, over time, will make a meaningful contribution to the Group's earnings.

Given the strong financial position of the Group, the Directors are optimistic about the business growth and focused investments. The financial strength will be used wisely and with discretion. The Group will strive to restore a profit growth and to leverage the available opportunities to maximize the returns for its shareholders.

SHARE CAPITAL

In June 2001, every five issued and unissued shares of HK\$0.01 each in the share capital of the Company was consolidated into one share of HK\$0.05 each.

In January 2002, the authorised share capital of the Company was increased to HK\$300 million divided into 6,000 million shares by the creation of 2,000 million additional new shares of HK\$0.05 each. As at 12 April 2002, the issued and fully paid capital was HK\$106 million, being 2,120 million shares.

儘管本集團經歷種種困難，本集團仍繼續積極發展其核心業務，包括開發製造膠合板產品之環保膠水。本集團亦將致力提供多元化產品，擴大客戶層面，以鞏固市場佔有率，滿足客戶需求及要求。管理層亦正發掘製造及買賣木材產品之商機，以期爭取更高之邊際利潤。

本集團與實力雄厚之業務夥伴締結策略聯盟。為配合未來增長，於二零零二年二月，在林木業及鋁業方面具備專業知識及廣泛經驗之新董事已加入本集團，勢必加強本集團在新業務拓展之競爭力。為善用這方面之優勢，董事會正積極發掘投資機會，致力業務整固及多元化，以期為本集團奠定長遠增長基礎。這些日後將為本集團帶來可觀盈利。

憑藉本集團之穩健財政狀況，董事會對本集團之業務增長及重點投資充滿信心。本集團將精明地及審慎地理財。本集團將竭力恢復溢利增長，並利用現有商機為股東爭取最大回報。

股本

於二零零一年六月，本公司股本中每五股每股面值0.01港元之已發行及未發行股份合併為一股每股面值0.05港元之股份。

於二零零二年一月，本公司之法定股本增加至300,000,000港元，藉額外增加2,000,000,000股每股面值0.05港元之新股份而分為6,000,000,000股股份。於二零零二年四月十二日，已發行及繳足股本為106,000,000港元，即2,120,000,000股股份。

APPRECIATION

On behalf of the Directors, I would like to express my sincere gratitude to our shareholders, fellow directors, staff, customers, suppliers, bankers and business associates for their continuous support. We look forward to a better set of results in the year ahead.

PUBLICATION OF ANNUAL REPORT

The 2001 Annual Report containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

Peter Kwok Viem

Chairman

Hong Kong, 12 April 2002

致謝

本人謹代表董事會全人對股東、各董事、員工、客戶、供應商、往來之銀行及業務聯盟一直之支持致以衷心感謝。本集團展望來年獲取佳績。

刊登年報

二零零一年年報(載有所有香港聯合交易所有限公司證券上市規則附錄十六第45(1)至45(3)段所要求之資料)將於適當時間於香港聯合交易所有限公司之網頁刊登。

主席

郭炎

香港，二零零二年四月十二日