

# Chairman's statement

On behalf of the Board of Directors, I hereby present to the shareholders the Annual Report of Jackley Holdings Limited (the "Company") and its subsidiary companies (together the "Group") for the year ended 31 December 2001.

## 1. RESULTS FOR THE YEAR >

The Group recorded a consolidated turnover of HK\$275,168,000 for the year ended 31 December 2001 (2000: HK\$326,693,000). Net profit attributable to shareholders was HK\$44,348,000 (2000: HK\$63,128,000) with earnings per share of HK11.8 cents (2000: HK18.4 cents).

## 2. DIVIDENDS >

An interim dividend of HK\$5 per ordinary share, amounting to HK\$10 million, was paid by the Company to its then shareholders prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year. The directors propose the grant of two bonus shares for every one ordinary share of HK\$0.10 each in the issued share capital of the Company held by the shareholders whose names appear on the register of members on 6 June 2002.

## 3. BUSINESS REVIEW >

To further enhance the corporate profile of the Group in Hong Kong and in the People's Republic of China (the "PRC") and to cope with the continuous expansion, the Company has decided to apply for a listing on the Main Board of the Stock Exchange.

The Company's successful listing in July this year has accelerated the expansion of production capability of the Group. Most importantly, it enhances the Group's profile for international markets.

During the year, the Group recorded a decline of 15.8% in turnover, as compared to last year and this was mainly attributed to increased competition and the overall decrease in demand after the 911 incident in the United States.

The Group has previously decided to expand its products to include carpet tiles and planned to acquire the required machinery during 2001. However, the decrease in demand in the PRC market for the fourth quarter of 2001 gave an indication that the demand for carpet tiles may also be adversely affected. Therefore the investment in plant and machinery for the manufacturing of carpet tiles has been postponed.

In September, a marketing office was established in Beijing and has recorded satisfactory results. The Group then established two other marketing offices in the PRC in mid October to further strengthen the sales network of the Group. A series of marketing campaigns were launched during the year together with the opening of the marketing offices, targeting to gain more market share and enhance the brand name "Jackley" in the carpet industry in the PRC.

#### 4. PROSPECT >

##### 2008 Olympic Games >

The construction market in the PRC is expected to boom as with the 2008 Olympic Games to be hosted in Beijing. The demand for quality carpets are therefore expected to rise sharply.

##### China's entry into the World Trade Organisation ("WTO") >

With China's entry into the WTO, the demand for office in commercial buildings should increase as more multi-national corporations set up offices in the PRC and require further renovation. Hence the demand for quality carpet will also increase. Establishing business relationship with the multi-national corporations may also increase the potential of exploring opportunities for overseas export markets and should not be overlooked.

##### The PRC economy >

China is one of the few countries in the world that has managed to keep a positive economic growth for the past year. The overall living standard in the PRC continues to improve dramatically and is expected to remain strong in the foreseeable future. The demand for carpet in the residential market has also not been fully explored. As the Group previously focused mainly on commercial market, the residential market will be one of the key focuses of the Group in 2002.

In 2002, the Group will put extra effort in securing every business opportunity from the existing PRC commercial market as well as exploring new business relationships with multi-national corporations in the PRC for the overseas export. The residential market in the PRC is also another target where the Group will put in extra effort.

The Group will also seek diversification opportunities in other business to increase its revenue stream.

**APPRECIATION >**

On behalf of the board, I would like to take this opportunity to express sincere thanks to all the staff for their dedication for the past year and to all shareholders, suppliers and customers for their support to the Company.

**Lam Yat Sing**

*Chairman*

Hong Kong, 26 April 2002

ANNUAL REPORT 2001