

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2002.

CHANGE OF NAME

Pursuant to a resolution passed on 31 October 2002 and the approval of the Registrar of Companies in Bermuda and Hong Kong on 31 October 2002 and 27 November 2002 respectively, the name of the Company was changed from South East Asia Wood Industries Holdings Limited to CITIC Resources Holdings Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacture and sale of plywood. There were no changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical area of operations for the year ended 31 December 2002 is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2002 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 20 to 48.

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

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group, as extracted from the published audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

(Expressed in HK\$'000)

Results

	Year ended 31 December			Period ended	Year ended
	2002	2001	2000	31 December	30 September
Turnover	24,003	52,753	58,451	303,654	440,177
Profit/(loss) before tax	(15,217)	(10,244)	23,888	(400,012)	(16,864)
Tax	-	-	17,183	-	-
Profit/(loss) before minority interests	(15,217)	(10,244)	41,071	(400,012)	(16,864)
Minority interests	-	-	153	555	10,585
Net profit/(loss) attributable to shareholders	(15,217)	(10,244)	41,224	(399,457)	(6,279)

Assets, Liabilities and Minority Interests

	31 December	31 December	31 December	31 December	30 September
	2002	2001	2000	1999	1998
Fixed assets	107,959	114,703	116,381	127,998	418,378
Prepayments	12,582	-	-	-	-
Long term investments	-	-	9,431	10,998	-
Other long term assets	-	-	-	-	21,021
Current assets	1,131,845	1,166,501	34,703	53,372	282,820
Total assets	1,252,386	1,281,204	160,515	192,368	722,219
Current liabilities	18,029	1,029,894	32,662	220,123	216,973
Long term bank and other loans	11,862	11,699	23,462	40,451	221,044
Long term portion of lease payable	-	-	-	-	12,761
Total liabilities	29,891	1,041,593	56,124	260,574	450,778
Minority interests	-	-	-	4,257	16,341
	1,222,495	239,611	104,391	(72,463)	255,100

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 22 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 23 to the financial statements and in the consolidated statement of changes in equity on page 22 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2002, the Company had no reserves available for distribution. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution or the payment of dividends to shareholders provided that the Company is able to pay its debts as and when they fall due. The Company's share premium account, with a balance of HK\$1,200,879,000 as at 31 December 2002, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$1,066,000 (2001: HK\$1,024,000).

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 59% of the total sales for the year and sales to the largest customer included therein amounted to 19%. Purchases from the Group's five largest suppliers accounted for 61% of the total purchases for the year and purchases from the largest supplier included therein amounted to 18%.

None of the directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest at any time during the year in the Group's five largest customers or suppliers.

DIRECTORS

The directors of the Company during the year and at the date of this report were:

Executive directors:

Mr. Kwok Viem, Peter

Mr. Ma Ting Hung

Ms. Li So Mui

Mr. Qiu Yiyong (appointed on 1 February 2002)

Mr. Sun Xinguo (appointed on 1 February 2002)

Mr. Tian Yuchuan

Mr. Zhang Jijing (appointed on 1 February 2002)

Mr. Mak Sun Keung, Albert (resigned on 1 February 2002)

Independent non-executive directors:

Mr. Fan Ren Da, Anthony

Mr. Tsang Link Carl, Brian

The independent non-executive directors are not appointed for a specific term and all of the directors, without limitation to executive directors, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

In accordance with bye-law 87(1) & (2) of the Company's bye-laws, Mr. Ma Ting Hung and Mr. Fan Ren Da, Anthony will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 10 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material beneficial interest, either direct or indirect, in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2002, the interests of the directors in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as set out below:

Director	Type of interest	Number of ordinary shares of HK\$0.05 each in the Company
Mr. Kwok Viem, Peter (Note)	Corporate	1,440,000,000
Mr. Ma Ting Hung (Note)	Corporate	1,440,000,000
Mr. Zhang Jijing	Family	28,000

Note: The shares disclosed above are held by United Star International Inc., a company incorporated in the British Virgin Islands, which is beneficially owned as to 50% by Mr. Kwok Viem, Peter and 50% by Mr. Ma Ting Hung.

In addition to the above, one of the directors has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme disclosed in note 22 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

Due to the adoption of the Hong Kong Statement of Standard Accounting Practice 34 "Employee benefits" during the year, most of the detailed disclosures relating to the Company's share option scheme have been moved to note 22 to the financial statements. During the year ended 31 December 2002 and up to the date of this report, no share options were granted, exercised, lapsed, cancelled or outstanding under Scheme.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2002, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholder	Number of ordinary shares held	Percentage of total issued shares
United Star International Inc. (Note 1)	1,440,000,000	43.68
Keentech Group Limited (Note 2)	1,360,180,588	41.26
CITIC International Holdings Limited (Note 2)	1,360,180,588	41.26
China International Trust and Investment Corporation (Note 2)	1,360,180,588	41.26

Note 1: These interests are also included as corporate interests of Mr. Kwok Viem, Peter and Mr. Ma Ting Hung, as disclosed under the heading "Directors' interests in shares" above.

Note 2: Keentech Group Limited, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC International Holdings Limited, a company incorporated in the British Virgin Islands. China International Trust and Investment Corporation, a company incorporated in the People's Republic of China, is the direct holding company of CITIC International Holdings Limited.

Save as disclosed above, no person, other than the directors of the Company whose interests are set out under the heading "Directors' interests in shares" above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 27 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board

Peter Kwok Viem

Chairman

Hong Kong, 11 April 2003