



SOUTH EAST ASIA WOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Website: <http://www.seawood.com.hk>

ANNOUNCEMENT OF ANNUAL RESULTS For the year ended 31 December 2001

FINANCIAL RESULTS

The Board of Directors (the "Directors") of South East Asia Wood Industries Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2001.

Consolidated Profit and Loss Account

	Notes	2001 HK\$'000	2000 HK\$'000
TURNOVER	3	52,753	58,451
Cost of sales		(56,315)	(64,851)
Gross loss		(3,562)	(6,400)
Other revenue and gains		21,028	4,167
Waiver of indebtedness due to bank creditors		-	59,591
Selling and distribution costs		(1,406)	(2,204)
Administrative expenses		(22,389)	(20,196)
Other operating expenses		(3,891)	(4,837)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		(10,220)	30,121
Finance costs	4	(24)	(6,233)
PROFIT/(LOSS) BEFORE TAX		(10,244)	23,888
Tax	5	-	17,183
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(10,244)	41,071
Minority interests		-	153
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	6	(10,244)	41,224
EARNINGS/(LOSS) PER SHARE - BASIC	7	HK (0.50 cent)	HK 5.69 cents

Notes:

1. BASIS OF PRESENTATION

The accounting policies and methods of computation used in the preparation of the current year's financial statements are consistent with those used in the last year's financial statements except that the following recently-issued and revised Statements of Standard Accounting Practice ("SSAPs") and related Interpretation issued by the Hong Kong Society of Accountants are effective for the first time:

- SSAP 9 (Revised) "Events after the balance sheet date"
- SSAP 14 (Revised) "Leases"
- SSAP 26 "Segment reporting"
- SSAP 30 "Business combinations"
- SSAP 31 "Impairment of assets"
- SSAP 32 "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 13 "Goodwill - continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

Due to the adoption of the above new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

2. SEGMENT INFORMATION

SSAP 26 was adopted during the year. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group has only one business segment, which is the manufacture and sale of plywood products. Therefore, no business segmentation analysis is presented.

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The corporate and others segment includes general corporate income and expense items and unallocated items.

The following tables present revenue, profit/(loss) and certain asset and expenditure information for the Group's geographical segments.

	The PRC		Thailand		Corporate and others		Consolidated	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Segment revenue:								
Sales to external customers	52,050	57,579	703	872	-	-	52,753	58,451
Other revenue	142	2,326	-	-	20,886	1,841	21,028	4,167
Total revenue	52,192	59,905	703	872	20,886	1,841	73,781	62,618
Segment results	(14,413)	(14,996)	(117)	114	(15,543)	(15,312)	(30,073)	(30,194)
Interest and unallocated gains							19,853	724
Waiver of indebtedness due to bank creditors							-	59,591
Profit/(loss) from operating activities							(10,220)	30,121
Other segment information:								
Segment assets	122,976	123,337	-	-	1,158,228	37,178	1,281,204	160,515
Capital expenditure	2,735	1,160	-	-	19	2,414	2,754	3,574

3. TURNOVER

Turnover represents the net invoiced value of goods sold during the year, after allowances for returns and trade discounts, but excludes intra-group transactions.

4. FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans and overdrafts	24	6,233

5. TAX

	2001 HK\$'000	2000 HK\$'000
Overprovision in prior years	-	17,183

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year (2000: Nil).

A Group company operating in the People's Republic of China ("PRC") is exempt from income tax for two years starting from its first profitable year of operations and is entitled to 50% relief from income tax for the following three years under the Income Tax Law of the PRC. No provision for tax has been made as this Group company did not generate any assessable profits arising in the PRC during the year.

The principal components of the Group's net deferred tax asset position not recognised in the financial statements are as follows:

	2001 HK\$'000	2000 HK\$'000
Accelerated depreciation allowances	1,215	1,473
Tax losses	(3,463)	(2,053)
	(2,248)	(580)

No provision has been made for taxes which would arise on the remittance to Hong Kong of retained profits of overseas companies as it is not anticipated that these amounts will be remitted in the near future.

The Company had no unprovided deferred tax at the balance sheet date (2000: Nil).

6. NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders dealt with in the financial statements of the Company is HK\$10,244,000 (2000: HK\$26,958,000).

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic loss per share is based on the net loss attributable to shareholders for the year of HK\$10,244,000 (2000: profit of HK\$41,224,000) and the weighted average of 2,059,726,027 shares (2000: 724,918,033 shares) in issue during the year, adjusted to reflect the five-to-one share consolidation during the year. The earnings per share for the year ended 31 December 2000 has been adjusted accordingly.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2001 and 2000 have not been shown because there were no dilutive events existing during these years.

8. DIVIDEND

No interim dividend was paid during the year and the prior year. The Directors do not recommend the payment of any dividend in respect of the year (2000: Nil).

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.

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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2001, the Group had around 430 full time employees, including the management and administrative staff and the production workers. Most of them station in PRC while the remaining in Hong Kong.

The employees' remuneration, promotion and salary increment are assessed based on individual's performance, professional and working experience and are referred to the prevailing industry practice. Rent-free quarters are provided to the PRC employees. Following the adoption of the Mandatory Provident Fund Scheme ("MPF Scheme") in December 2000, the employees in Hong Kong joined the MPF Scheme.

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.

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 of 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.

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.

On behalf of the Board
Peter Kwok Vium
Chairman

Hong Kong, 12 April 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 28 June 2002 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2001.
2. To re-elect directors and authorize the directors to fix their remuneration.
3. To re-appoint auditors and authorize the directors to fix their remuneration.

By Order of the Board
LI So Mui
Company Secretary

Hong Kong, 12 April 2002

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notorally certified copy thereof, must be lodged with the head office and principal place of business of the Company at Room 2602, 26th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.