



JACKLEY HOLDINGS LIMITED
美吉利國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 353)

DESPATCH OF OFFEREE DOCUMENT

The Offeree Document containing, among other things, the recommendation of the Independent Board Committee to the Independent Shareholders and the advice from Watterson to the Independent Board Committee will be despatched to the Shareholders on 9 August 2004.

Independent Shareholders should read the Offeree Document, in particular, the letter from the Independent Board Committee and the letter from Watterson to the Independent Board Committee, before taking any action with regard to their holdings of Shares.

The unaudited condensed consolidated financial statements of the Group for the five months ended 31 May 2004 and the statement of pro forma adjusted net tangible assets of the Group contained in the Offeree Document are reproduced below.

Reference is made to the announcement dated 5 July 2004 jointly made by the Company and the Offeror (the “Joint Announcement”) in relation to the Offer, the announcement made by the Offeror dated 26 July 2004 in relation to despatch of the Offer Document and the Offer Document dated 26 July 2004 despatched to the Shareholders. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Joint Announcement.

DESPATCH OF OFFEREE DOCUMENT

The Board announces that copies of the circular of the Company in relation to the Offer (the “Offeree Document”) containing, among other things, (i) the letter from the Board; (ii) the letter from the Independent Board Committee containing its recommendation to the Shareholders other than the Offeror and parties acting of concert with it (the “Independent Shareholders”); (iii) the letter from Watterson Asia Limited (“Watterson”), the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee and (iv) financial information on the Group will be despatched to the Shareholders on 9 August 2004.

Independent Shareholders should read the Offeree Document in particular, the letter from the Independent Board Committee and the letter from Watterson, before taking any action with regard to their holdings of Shares.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIVE MONTHS ENDED 31 MAY 2004

Set out below is the reproduction of the unaudited condensed consolidated financial statements of the Group for the five months ended 31 May 2004 contained in the Offeree Document:

“Consolidated Income Statement

For the period ended 31 May 2004 (the “Period”)

	Note	Unaudited HK\$'000
Turnover	2	6,357
Cost of sales		(8,897)
Gross loss		(2,540)
Other revenue and gains		502
Selling and distribution expenses		(601)
Administrative expenses		(5,420)
Other operating expenses		(168)
Gain on disposal of a property		5,081
Write back of provision for loan receivables		900
Loss from operating activities	4	(2,246)
Finance costs	5	(1,298)
Loss before taxation		(3,544)
Taxation	6	–
Loss before minority interests		(3,544)
Minority interests		2,037
Loss attributable to Shareholders		(1,507)
Dividend	7	–
Loss per Share	8	(0.1 cents)

Consolidated Balance Sheet

As at 31 May 2004

	Unaudited HK\$'000
NON-CURRENT ASSETS	
Fixed assets	94,318
Deposits paid	47,000
Interest in an associate	89
	141,407
CURRENT ASSETS	
Loan to a director	83
Prepayments, deposits and other receivables	3,421
Inventories	3,283
Trade receivables	52,198
Cash and bank balances	5,347
	64,332
CURRENT LIABILITIES	
Interest-bearing bank borrowings	(16,426)
Finance lease payable	(78)
Trade payables	(7,235)
Other payables and accruals	(22,452)
Tax payables	(3,601)
	(49,792)
Net current assets	14,540
	155,947
Share capital	124,500
Reserves	18,379
	142,879
Finance lease payable	121
Other loan	14,250
Minority interests	(1,303)
	155,947

Consolidated Cash Flow Statement

For the period ended 31 May 2004

	(Unaudited) HK\$'000
Net cash outflow from operating activities	(9,392)
Net cash inflow from investing activities	21,929
Net cash outflow from financing activities	(6,557)
Increase in cash and cash equivalents	5,980
Cash and cash equivalents at the beginning of period	(2,578)
Cash and cash equivalents at the end of period	3,402
Analysis of balances of cash and cash equivalents	
Cash and bank balances	5,347
Bank overdrafts	(1,945)
	3,402

Consolidated Statement of Changes in Equity

For the period ended 31 May 2004

	Share capital (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Assets revaluation reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2004 (Audited)	124,500	35	5,054	(1,091)	15,888	144,386
Net loss for the Period	–	–	–	–	(1,507)	(1,507)
At 31 May 2004 (Unaudited)	124,500	35	5,054	(1,091)	14,381	142,879

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 May 2004

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed consolidated financial statements of the Group for the Period have been prepared in accordance with the accounting policies of the Group. These condensed financial statements should be read in conjunction with the 2003 annual report of the Company.

2. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the Period. All significant transactions among the companies comprising the Group have been eliminated on consolidation.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

(i) on a primary segment reporting basis, by business segment; and

(ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the manufacture of carpets segment represents the manufacture and sale of carpets; and

(b) the trading of carpets segment represents the trading of carpets of other renowned brand names.

In determining the Group's geographical segments, revenue and results are attributed to the segments based on the location of the customers.

(a) Business segments

The following table presents revenue and results for the Group's business segments.

	Manufacture of carpets (Unaudited) HK\$'000	Trading of carpets (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:			
Sales to external customers	4,790	1,567	6,357
Segment results	(4,156)	(3,484)	(7,640)
Unallocated revenue			224
Unallocated expenses			(811)
			(8,227)
Finance costs			(1,298)
Gain on disposal of a property			5,081
Write back of provision for loan receivables			900
Loss before tax			(3,544)
Taxation			–
Loss before minority interests			(3,544)
Minority interests			2,037
Loss attributable to Shareholders			(1,507)

(b) Geographical segments

The following table presents revenue and results for the Group's geographical segments.

	Hong Kong (Unaudited) HK\$'000	Elsewhere in The People's Republic of China (the “PRC”) (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:			
Sales to external customers	1,146	5,211	6,357
Segment results	(2,929)	(4,711)	(7,640)

4. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	(Unaudited) HK\$'000
Cost of inventories sold	5,176
Depreciation	3,203
Staff cost	1,827
Write back of staff and directors' salaries	(2,929)

5. FINANCE COSTS

	(Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	1,298

6. TAX

	(Unaudited) HK\$'000
Current period provision	–
Hong Kong	–
Elsewhere in the PRC	–

No provision for Hong Kong profits tax is required since the Group has no estimated assessable profit for the Period.

Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on their respective existing legislation, interpretations and practices.

7. DIVIDEND

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

8. LOSS PER SHARE

The calculation of basic loss per Share for the Period is based on the net loss from ordinary activities attributable to Shareholders for the Period of HK\$1,507,000 and the weighted average number of 1,245,000,000 ordinary Shares in issue during the Period.

There were no potential dilutive ordinary Shares in existence for the Period and, accordingly, no diluted loss per Share amounts have been presented.

9. TRADE RECEIVABLES

The Group normally allows credit terms ranging from 30 to 120 days to established customers. 100% provision is made for outstanding debts aged over 365 days.

An aging analysis of the trade receivables, net of provisions, as at the balance sheet date, based on the date of recognition of the sales, is as follows:

	(Unaudited) HK\$'000
1-90 days	943
91-120 days	3,248
121-365 days	48,007
	52,198

10. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days from its suppliers.

An aging analysis of the trade payables as at the balance sheet date, based on the receipt of goods purchased, is as follows:

	(Unaudited) HK\$'000
1-90 days	831
91-120 days	1,156
121-365 days	5,248
	7,235

11. SHARE CAPITAL

Authorised:
2,000,000,000 ordinary shares of HK\$0.10 each

Issued and fully paid:
1,245,000,000 ordinary shares of HK\$0.10 each

There was no movement in the share capital of the Company for the Period.

12. CAPITAL COMMITMENTS

The Group did not have any significant commitments as at 31 May 2004.”

PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is the reproduction of the statement of the pro forma adjusted net tangible assets of the Group contained in the Offeree Document.

“The following is a statement of pro forma adjusted net tangible assets of the Group which has been prepared for the purpose of illustrating the effect of the Offer and because of its nature it may not give a true picture of the Company's financial position or results. This statement is based on the audited consolidated net tangible assets of the Group as at 31 December 2003 as shown in the audited financial statements of the Group for the year ended 31 December 2003, and adjusted as follows:

	Audited net tangible assets of the Group as at 31 December 2003 HK\$'000	Costs in connection with the Offer HK\$'000	Pro forma adjusted net tangible assets HK\$'000	Pro forma adjusted net tangible assets per Share HK\$ (Note 2)
Net tangible assets as at 31 December 2003	144,386	(1,200)	143,186	0.12

Notes:

- The excess of the fair value, based on the valuation carried out by LCH (Asia-Pacific) Surveyors Limited, an independent professional firm of surveyors, on the Group's land and buildings of HK\$1,861,000 as at 30 June 2004 over their net book value has not been taken into account in the above statement.
- The pro forma adjusted net tangible assets per Share is calculated based on 1,245,000,000 Shares in issue as at 31 December 2003.
- The unaudited consolidated loss of HK\$1,507,000 after tax and minority interests for the five months ended 31 May 2004 has not been taken into account in the above statement.”

By order of the Board
Jackley Holdings Limited
Anthony Henry Serra
Director & Chief Executive Officer

Hong Kong, 6 August 2004

As at the date of this announcement, the Company has three executive Directors, namely Mr. Anthony Henry Serra, Mr. Khoo Chuan Teng and Mr. Chew Kean Eng and two independent non-executive Directors, namely Mr. Liu Ngai Wing and Mr. Ong Hong Hoon.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and that there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.
* For identification purpose only