

Chairman's Statement



To our shareholder

I am pleased to report the annual results of Sewco International Holdings Limited (the "Company"; together with its subsidiaries, collectively the "Group") for the year ended 31 December 2001. The Group's performance this year has been even more promising and encouraging than the previous year.

Results

During the year under review, the pro forma combined turnover recorded an increase of 7.2% from HK\$339 million to HK\$363 million. The Group's pro forma combined net profit from ordinary activities attributable to shareholders reached HK\$37.7 million, representing an increase of 24.8% over last year and an increase of 10.6% over the estimated profit of

HK\$34 million as stated in the Company's prospectus dated 22 February 2002 (the "Prospectus"). Basic earnings per share was HK11.79 cents.

Special Dividend

Prior to the reorganisation, the Company did not have any distributable reserves at the balance sheet date.

The Board of Directors (the "Board") proposed the payment of a special dividend of HK2 cents per share of the Company, absorbing a minimum amount of HK\$8,000,040 out of the Company's distributable reserves for the year ending 31 December 2002 to the shareholders of the Company whose names appear on the Register of Members of the Company on 27 May 2002.



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Review and Outlook

Since the establishment of the Group in 1980, year 2001 has been one of the most challenging and rewarding years for the Group. Although the global economy suffered a slow down, coupled with the impact of the 911 incidence, the Group attained satisfactory results and steady business expansions. The encouraging performance was mainly attributed to the Group's long-term relationship with its major customers, effective manufacturing cost control and prudent inventory control.

The Group's orders for the first quarter of 2002 has showed a substantial increase as compared with that of last year. The Group will continue to strengthen sales and marketing capability by widening the sales network and customer base in order to help promoting the Group's products and collect valuable information. The Group will keep itself abreast of customer requirements and market trends so that we will be ready to adapt, change and improve along with our customers.

Moreover, the Group will continue to enhance its production capacity to prepare for the potential increase in production when more and more new clients request services and cooperation with the Group.

Appreciation

The Group's success resulted from the contribution of all its staff. On behalf of the Board, we would like to extend our appreciation to the management and staff for their commitment and contribution throughout the year. We also take this opportunity to express our sincere thanks to our shareholders, investors and customers for their continued encouragement and support.

Cheung Po Lun

Chairman