



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 referred to as "Sewco" or the "Group") for the year ended 31 December 2002.

Results

2002 was a remarkable and landmark year for the Group. During the year under review, the Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited. Besides, the total sales of the Group for 2002 was HK\$446.8 million, representing an increase of 23.0% over that of the last year.

Profit from operating activities and net profit from ordinary activities attributable to the shareholders surged to HK\$45.6 million (2001: HK\$40.3 million) and HK\$40.9 million (2001: HK\$37.7 million) respectively, representing an increase of 13.0% and 8.3% respectively over those of last year. The substantial increase in profitability was mainly attributable to the Group's efficient management planning and stringent cost controls adopted during the year.

Dividend

The Board of Directors (the "Board") proposed the payment of a final dividend of HK2 cents per share of the Company to the shareholders of the Company whose names appear on the register of members of the Company on 6 May 2003.

Prospects

Despite a slow recovery of the global economy, Sewco believes that the turnover of the Group for the coming year shall achieve a steady growth in view of the received orders and purchasing plans provided by its existing customers.

To meet our business growth and to cater for the demands of our customers, the construction of a new factory complex, which comprises a gross floor area of approximately 70,000 sq.m., has been commenced in November 2002 and the construction is expected to be completed in the last quarter of 2003. By increasing its production capabilities by approximately 30%, the Group will be able to fulfil more orders which in turn will boost its turnover. The total construction cost is expected to be HK\$53.0 million and will be financed by the net proceeds of the Share Offer (as defined in the prospectus dated 22 February 2002) of HK\$36.0 million and the term loan facility of HK\$35.0 million which has been obtained in February 2003.

At the same time, Sewco will continue to adopt stringent cost control policies and improve operational efficiency in order to maximise returns in the coming year.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation to our customers, shareholders and colleagues for their invaluable dedication, commitment and support over the past years.

Cheung Po Lun

Chairman