



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 2003.

Financial Results

For the year ended 31 December 2003, the Group's turnover was HK\$479,069,000, representing an increase of 7.2% as compared to HK\$446,790,000 recorded in the previous year. Net profit attributable to shareholders was approximately HK\$19,557,000, representing a decrease of 51.7% from HK\$40,498,000 (restated) in 2002. Basic earnings per share was HK4.58 cents, representing a decrease of 56.3% when compared to HK10.49 cents (restated) recorded during the same period last year.

As at 31 December 2003, total assets and net assets of the Group were HK\$338,194,000 (2002: HK\$277,698,000) and HK\$247,112,000 (2002: HK\$215,008,000 (restated)) respectively, representing an increase of 21.8% and 14.9% respectively as compared with last year.

As at 31 December 2003, the Group's net current assets amounted to HK\$97,137,000 (2002: HK\$113,613,000), the decrease was mainly attributable to the allocation of more resources to the Group's long-term investment projects. The Group's current ratio (current assets/current liabilities) and gearing ratio (total bank borrowings/total shareholders' equity) were 2.4 (2002: 2.9) and 8.1% (2002: 0%), respectively.

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Dividend

The Board of Directors (the "Board") does not recommend the payment of a final dividend for the year ended 31 December 2003.

Future Prospects

Leveraging on the increase in the production capabilities by approximately 30% after the completion of the construction of the new factory complex, the management believes that the Group is ready to fulfill the overwhelming orders from its existing customers and to broaden its customer base.

Having witnessed the rise in oil price during 2003, it is expected that the price of oil will remain at a high level in the coming year. As a result, our raw material cost will continue to increase, which in turn will cause much pressure on our gross profit margin.

However, the Group will continue to improve its production process in order to improve the production efficiency and reduce the operation costs.

Appreciation

On behalf of the Board, I would like to take this opportunity to express our gratitude to our staff for their dedication and contribution to the Group, especially during the difficult times of the year 2003. Also, I would like to express my heartfelt appreciation to our shareholders, investors and customers for their continuous support.

Cheung Po Lun

Chairman