

Chairman's Statement



SEWCO

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 the "Group") for the year ended 31 December 2004.

Results

For the year ended 31 December 2004, the Group recorded a turnover of HK\$449,643,000, representing a decrease of 6.1% as compared to HK\$479,069,000 recorded in previous year. The gross profit margin of the Group was maintained at 14.8% in the current year (2003: 14.6%). The Group's net profit from ordinary activities attributable to shareholders for the year ended 31 December 2004 was HK\$12,301,000 (2003: HK\$19,557,000), approximately 37.1% less than that in 2003.

As at 31 December 2004, total assets and net assets of the Group were HK\$370,651,000 (2003: HK\$338,194,000) and HK\$255,005,000 (2003: HK\$247,112,000) respectively, representing increases of 9.6% and 3.2% respectively as compared with last year.

Dividend

The Board of Directors (the "Board") does not recommend the payment of any final dividend in respect of the year ended 31 December 2004.

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Future plans and prospects

The Group believes that turnover in the coming year will grow steadily in view of the received orders and purchasing plans provided by its existing customers. To broaden its customer base, the Group plans to expand and strengthen its sales and marketing team, which strives to provide value-added services to its customers.

In order to meet the expected increase in customer orders in the forthcoming years, the Group completed the construction of a new factory complex in Gangkou Zhen, Zhongshan Shi, Mainland China in 2004. During the year ended 31 December 2004, the utilisation rate of this new factory complex was approximately 65%. The new facilities offer the Group the capacity to fulfill more orders and enjoy better economies of scale, which in turn will boost its turnover and minimise production costs.

Looking ahead, the Group will focus not only on its existing business, but also any potential business opportunities in order to maintain its competitive position and maximise the return of its shareholders.



Appreciation

On behalf of the Board, I would like to take this opportunity 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