

## 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 the "Group") for the year ended 31 December 2005.

### Results

The Group's turnover for the year ended 31 December 2005 was HK\$565,741,000, representing an increase of 25.8% compared to HK\$449,643,000 recorded in the corresponding last year. Gross profit margin for the year ended 31 December 2005 was 11.6%, a decrease of 3.2% from 14.8% the year before. Profit for the year attributable to equity holders of the parent was HK\$3,436,000 (2004: HK\$12,543,000), approximately 72.6% less than that in the corresponding period in 2004.

As at 31 December 2005, total assets and net assets of the Group were HK\$353,203,000 (2004: HK\$354,431,000) and HK\$267,543,000 (2004: HK\$239,612,000) respectively, representing a decrease of 0.3% and an increase of 11.7%, respectively as compared with those as at 31 December 2004. The increase in net assets of the Group was mainly attributable to profits generated during the year ended 31 December 2005 and an increase of HK\$27,231,000 in the Group's asset revaluation reserve as a result of the revaluation done for the Group's leasehold land and buildings in Hong Kong and buildings in Mainland China as at 31 December 2005.



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### Dividend

The board of directors (the "Board") proposed the payment of a final dividend of HK0.5 cent per ordinary share to the shareholders whose names appear on the register of members of the Company on 15 June 2006.



### Future Plans and Prospects

The sales forecast for 2006, based on formal and informal discussions with the Group's key clients, remained satisfactory. The Board is expecting a healthier profit margin in 2006 after the shock from the 27.5% government-mandated hike in the minimum wage in Zhongshan.

Through the internal control review done during the year, the Board has identified ways and adopted certain measures to cut waste and improve efficiency. As part of the review, the Group has engaged one of the world's leading supply chain management solution companies to study the development of customised supply chain software with the hope to improve the operational efficiency. The Group expects to see the benefits in the year 2007.



### 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 Yan, Priscilla**  
*Chairman*