

Chairman's Statement



Kwok Wing, Chairman

**Year 2002 was a year
of accomplishments
for Tack Fat**



Riding the Waves of Success

Tack Fat is committed to sustaining high growth and return for our valuable shareholders

While 2001 to 2002 may have been a challenging year for the world at large, it was a year of accomplishments for Tack Fat Group International Limited (“Tack Fat” or the “Group”). On 29 April 2002, the Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited and was over subscribed by 113 times and 3.4 times in public offering and placing exercises respectively. Such conspicuous support contributed about HK\$98 million in net proceeds for Tack Fat. From this year on, the Group is committed to another mission — sustaining high growth and return for its valuable shareholders to express its gratitude.

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Tack Fat will strive to provide quality and fashionable swimwear and casual wear worldwide to further solidify our industry position

Encouraging Results

During the year under review, turnover and net profit have continued to accelerate exponentially and achieved impressive figures of HK\$710,489,000 and HK\$82,279,000 respectively and represented increases of 10.8% and 33.0% respectively. While we have always been confident of our promising potentials and capabilities to excel, we are extremely proud to say that our performance has even outperformed our profit forecast of HK\$80,000,000. The Group was capable of achieving such positive figures, thanks to its unfaltering commitment to improve operation efficiency and profit margins.

ODM/OEM Business

In addition to financial gains, the Group has also expanded rapidly, in terms of market reach, size and scale, and gained increasing recognition from the industry. Tack Fat expanded its production facilities in Cambodia and the PRC as an effort to meet and satisfy the continuously growing global demands.

Coupled with our strong production capabilities and visionary management team, Tack Fat will strive to provide quality and fashionable swimwear and casual wear worldwide to further solidify our industry position. With our notable quality, timely delivery and impeccable services, Tack Fat takes pride of its impressive customer base of over 30 renowned international brand names and department stores, such as Walmart, Target, Sears, Union Bay, JC Penney, Wrangler, Lee, Reebok, Calvin Klein, Speedo USA, Arena and Mexx, to name a few.

Blue Cat

The Group's expansion in production facilities will contribute immensely to our overall business development, especially in regards to our successful entry into the PRC market by signing a 20-year exclusive manufacturing agreement with the popular "Blue Cat". Under the agreement, Tack Fat will be exclusively responsible for the design, production and supply of all "Blue Cat" apparels for all of Blue Cat's 1,200 specialty stores in the PRC.

Tack Fat is well positioned and prepared to enjoy further room for growth and development

Not to mention is Tack Fat's right to acquire Blue Cat Development Company Limited, in which the Group already holds 5% shareholding and which has been granted an exclusive license to open Blue Cat specialty stores in first-tier cities in the PRC. Although this is only the first step, it is indeed an enormous step, for the Group to penetrate into the PRC market, explore its potentials and further capture these promising opportunities to become the leading casual wear manufacturer in the world.

Outlook

Clothing is a necessity in life. With its established brand name and solid business performance, the Group is confident that it will continue to excel, is well positioned and prepared to enjoy further room for growth and development. Looking ahead, the Group will strive to further enlarge production capacity, expand product lines, perfect the development of Blue Cat specialty stores in the PRC as well as to establish more cooperation opportunities, so as to cement its foothold as the leader in the swimwear and casual wear industry.

I would like to thank all of the staff for their continuous hardwork and motivation, the shareholders for their vote of confidence as well as our valuable clients for their ceaseless support. Every contribution is noted and appreciated, and rest assured that Tack Fat will continue its quest to bring generous returns to the shareholders and brings its business to new horizons.

For and on behalf of the Board,

Kwok Wing

Chairman

Hong Kong, 23 July 2002

