

主席致股東報告書

Chairman's Statement to Shareholders



汪建中
主席兼行政總裁
WANG KIN CHUNG, PETER
Chairman and Chief Executive Officer

業績

二零零三年是本集團充滿挑戰的一年。美國經濟在年內持續受困於疲弱的消費力，伊拉克戰爭使全球多個地區的經濟蒙上陰影。非典型肺炎肆虐多月，影響亞洲零售市場。本年度，本集團的營業額為港幣2,514,000,000元，比二零零二年港幣2,349,000,000元的營業額增加7%。製衣業務的營業額增長高達15%，貿易及品牌經銷業務則合共下跌14%，唯截至二零零三年十二月三十一日止年度股東應佔虧損錄得港幣92,000,000元，二零零二年則為溢利港幣57,000,000元。

本年度的虧損是由於多個因素所致。雖然營業額上升，但本年度的毛利則下跌，主因在於價格持續受壓、市場要求更高質量以及時尚潮流主導下產品越加繁複。銷售季節縮短而採購次數增多，縮短了生產週期，因此在商品、採購、製樣、生產規劃和生產行政工作上亦需要更多的資源配合。銷售和一般管理費用增加，其一是因為營業額上升所致，其二是和往年比較銷售季節迅速增加、款式增多以及產品複雜程度提高所致。

RESULTS

2003 was a challenging year for the Group. As the US economy continued to suffer from weak consumer sentiment for most of the year, the war in Iraq dampened the economies of several regions around the world, and the SARS outbreak that lasted for several months affected the retail markets in Asia. The Group's turnover for the year reached HK\$2,514 million versus 2002 revenues of HK\$2,349 million, representing an increase of 7%. The manufacturing business recorded 15% top line growth, while revenues from trading and brand distribution dropped by 14% on a combined basis. Unfortunately, however, a loss attributable to shareholders of HK\$92 million was recorded for the year ended 31st December 2003 versus 2002 profits of HK\$57 million.

The loss for the year was due to several factors. Gross profit for the year decreased despite the increase in turnover. The main reasons for this were continued pricing pressure, the demand for higher quality standards and the increased complexity of products due to an upswing in fashion trends. Selling seasons have become shorter and more frequent, resulting in compressed manufacturing lead times. This has also required an increase in merchandising, purchasing, sampling, production planning and manufacturing administrative resources. As a result, selling and general administrative expenses rose partly due to the increase in volumes and partly due to the proliferation of selling seasons, increased numbers of styles, and greater complexity of products compared to previous years.

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虧損的另一原因是發現本集團其中一家中國附屬公司出現不規範的會計處理，從而需要在二零零三年將二零零二年的存貨差異調整，調整金額為港幣14,500,000元，詳見賬目附註5。

以下是二零零四年管理層的重點工作和集團展望。

二零零四年重點

管理層在二零零四年的主要重點工作為提高盈利能力，同時與客戶緊密合作，做到高質、速銷和靈活應變。

提高盈利能力

為提高盈利，管理層重點加強某些關鍵環節，至今已投入不少資源建立穩健的銷售渠道管理、工廠的訂單量管理和生產編排制度，使工廠每月的生產量保持穩定，此外亦致力減低季節性波動所造成的不利影響。通過與客戶緊密合作，密切監察產品規格和樣品製作的時間性。妥善計劃及管理材料採購和廠房進料，務求緊貼生產進度，目的是要在不超出預算成本下準時交付優質產品。

另一方面，我們在二零零三年極為注重關鍵客戶的管理，因而大大加強了與主要客戶的關係。二零零四年，管理層將會繼續著眼於關鍵客戶，集中生產核心產品，發揮集團在這方面的優勢。為此，在生產工程、開發樣品及其他重要資源的投放上，我們將會繼續著力於關鍵客戶和核心產品。二零零三年，我們協助了五大客戶推出全新品牌的女士上班服和優質服裝系列。二零零四年初，這些品牌在首度推出的檔期中銷售成績突出，本集團的相關營業額亦因此而增加。

An accounting irregularity discovered in one of the Group's China subsidiaries which required an adjustment of HK\$14.5 million to 2002 inventory positions in 2003 also contributed to the loss. Further details of this issue are set out in note 5 to the accounts.

The primary focus of management and the outlook of the Group for 2004 are discussed below.

2004 FOCUS

The primary focus of management in 2004 will be to improve profitability, while working closely with our customers to deliver high levels of quality, quick turnaround and flexibility.

Improving Profitability

The management team is focused on strengthening certain key disciplines to improve profitability. Much effort had been invested in creating robust sales pipeline management, order loading and production scheduling so that factories are loaded at stable monthly levels. Every attempt is made to reduce the negative effects of seasonal swings. Through close cooperation with customers, the product specifications and sample development timelines are monitored very closely. Materials procurement and flows into the factories are planned and managed carefully so that production schedules are adhered to. The objective is to deliver products within budgeted costs, on time, and without any compromise on quality standards.

On the other hand, during 2003, our relationships with our top customers have been substantially enhanced, with a strong emphasis on key account management. In 2004, management will continue to be focused on key customers and on manufacturing core products and leveraging its core competencies. To this end, our manufacturing engineering, sample development, and other valuable resources will continue to be targeted on key customers and core products. In 2003, we assisted five major customers with launching new labels in the ladies career and better dressing categories. The first selling seasons of these labels in early 2004 have been successful, and volumes with our company are on the rise.

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圍繞著傳統的製衣業務，我們亦積極與客戶進行合作，包括開發產品、布料和配件的開發和採購、紙樣和樣品製作，以及實行快速反應計劃。隨著客戶更專注於設計、品牌管理和分銷，而尋求將更多有關製衣的工序外發，預期這些增值服務的需求會越加盛行。

二零零四年在支出方面，我們將會把重點放在材料成本管理上，因為這方面的成本所佔比重既高又不斷增加，尤其是目前潮流講求時尚，市場均改用比較昂貴的布料。此外，多項自二零零三年中進行的採購計劃已見成果，使採購工作更為有效。運輸成本及物流流程的改善預期在二零零四年可取得可觀的成績。

在生產方面，我們繼續致力提高工廠生產力，雖然這項工作挑戰重重，尤其是目前的時裝潮流要求剪裁更複雜、縫合技巧更高明以及更講究的產品。生產繁複的產品是我們的競爭優勢，也使我們受益匪淺。不過，我們要確保繁複規格所需投入的專業知識和技術以及勞動力能夠得到充份的回報。

著重客戶

管理層集中主力與已建立了夥伴關係的核心客戶合作，這種合作建築於清晰了解客戶要求上，並通過多年積累的合作關係而進行。在二零零三年，我們協助多個關鍵客戶在首季度推出數個新品牌的產品。我們在發展這些新系列上的投資，帶來業務上顯著的額外增長。

通過產品開發乃至材料採購，我們有意繼續為客戶增值。不少客戶在策略上偏向於將焦點放在品牌管理和零售分銷方面，而我們則可提供由開發以至採購和執行的配套服務。

Rounding out our traditional manufacturing capabilities, we are increasingly working with our customers on product development, fabric and accessories development and sourcing, pattern and sample creation, and quick response program execution. These value-added services are expected to become more and more prevalent, as customers seek to outsource more aspects related to manufacturing and focus themselves on design, brand management and distribution.

On the expense front, during 2004, we will focus on better managing materials costs, since these represent a large and rising percentage of costs, especially in the context of the current fashion trends which have created a shift to more expensive fabrics. In addition, several procurement initiatives which have been launched since mid-2003 are bearing fruit to purchase more efficiently. Improvements in the cost and flow of logistics are expected to yield strong positive results in 2004.

We continue to work on improving productivity at our factories, although this is challenging, in view of the current fashion cycle, which requires more complicated, highly constructed and often embellished tailoring. Complexity can be our competitive advantage and friend; however, we must ensure that we are adequately compensated for the labor content and expertise required to deliver on more complex specifications.

Focus on Customers

Management is focused on working with core customers with whom there is a partnership relationship. This is based on clear understanding of customer requirements and through many years of accumulated working relationship. In 2003, we helped launch the first season of several new labels, which were being launched by our key customers. Our investment in developing these new lines is resulting in significant additional growth.

We intend to continuously add value to our clients through product development and increasingly through materials sourcing. Strategically, many of our customers prefer to focus on brand management and retail distribution, while we can offer a full package from development to sourcing to execution.

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產品系列

我們提供全面的時裝產品，計有女士套裝、上班服、便服和中檔服裝系列以及男士和女士外衣系列。一直以來，我們受惠於優質服裝和上班服的增長，亦即回歸更正式、講求縫工和華麗裝飾的潮流。

適值這個時裝潮流，我們不少客戶重新定向，將產品朝著較高質量的布料和縫功的方向發展。雖然這些成衣越加繁複，但我們在技術和生產上的優勢使我們可從這個潮流中得益。管理層與客戶緊密合作，而內部則確保產品更大的複雜性和對勞動力更大的需求，均涵蓋在財務決策和生產力促進計劃中。

重視履行義務

因應客戶回應世界各地市場對促進工人權益的素求，在企業社會義務上對客戶作出的承擔，繼續是集團首要的工作之一。履行企業社會義務的規定是作為供應商的先決條件，而此有關規定則一年比一年嚴格。

履行社會義務繼續是我們在各地各職能的首要策略工作。除了符合客戶的社會義務規定外，我們亦極之認真地看待健康、安全和環保的規定。尤以二零零五年之後為例，預期我們在履行企業社會義務的成績，將會使我們和競爭對手可以區別開來，從而有助於我們佔客戶的市場比率持續增長。

著重發展人才

踏入二零零四年，我們繼續致力於招聘高素質的人才加入我們各個業務範疇，包括銷售、商品、生產、產品開發、審計、質量保證、資訊科技、採購、物流、財務和人力資源。在未來的日子裡，這些不同部門的人員，將會不論職能和地區，將遠比過去更緊密地互相合作，如同一體。於二零零三年間，隨著關鍵客戶管理工作的展開，我們各業務部門之間的合作，已比前來得密切。

Product Range

We offer the full spectrum of fashion garments in the Ladies Dress-up, Career Dressing, Casual and Moderate categories, as well as, in Men's and Ladies Outerwear. We have been benefiting from the upswing of Dress-up and Career Dressing, with the return to more formal, constructed and embellished styling.

Riding this fashion cycle, many of our customers have reoriented their products toward higher quality levels, both in terms of fabrics and construction. While the complexity of these garments is increasing, we are well positioned through our technical capabilities and manufacturing engineering to benefit from this trend. Management is working closely with clients and internally to ensure that higher complexity and greater required labor content are factored into financial decisions and productivity initiatives.

Focus on Compliance

Corporate Social Responsibility ("CSR") continues to be a top priority with customers as they respond to the demands of the marketplace relative to promoting workers' rights around the world. Total CSR compliance is a prerequisite for being a supplier, and each year the requirements have become more stringent.

Social compliance continues to be a strategic priority for us across all sites and functions. Health, Safety and Environmental compliance are treated extremely seriously, in addition to meeting the Social Responsibility requirements of our customers. Especially post-2005, we expect that our Corporate Social Compliance track record will differentiate us from the competition and facilitate our continued market share growth with our customers.

Focus on People Development

As we enter 2004, we are committed to continue recruiting high caliber people in all areas of our business, including Sales, Merchandising, Production, Product Development, Auditing, Quality Assurance, Information Technology, Sourcing, Logistics, Finance, and Human Resources. More than ever before, these groups will be working together as integrated teams, across functions and geographies. Already in 2003, our business teams were brought much closer together by working on the Key Account Management framework for serving our clients.

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二零零五年及其後展望

整個行業現存的不明朗因素，分別是在二零零五年廢除配額制度，以及二零零五年至二零零八年期間對中國出口貿易會否出現某種新形式的限制。我們處於有利的位置去面對目前的不明朗因素以至二零零五年以後的挑戰。管理層預料，在這不明朗的時期，將生產集中在一至兩個國家只會帶來頗大的風險。我們在菲律賓、泰國、越南、中國、台灣及澳門的生產廠房已具規模，且處於成熟階段，生產地域上已妥為分散。我們抱有信心，可以毫不間斷地滿足客戶在二零零五年的產量需求。事實上，我們現正與好幾位主要客戶進行為未來十二至十八個月之籌劃。我們已作好充份準備，策略性地協助客戶落實其未來三至五年的增長計劃。

二零零五年起，隨著中國生產商在該年的上半年作出合理或不合理的競爭，我們預料客戶將會因此而要求我們在價格上進一步作出額外讓步。然而，一旦限制實施後，將會大舉出現爭相搶奪產量的情況。我們穩健和謹慎的方針，可為客戶提供連貫而穩定可靠的產量，而毋須因為降低短期製造成本而承擔不能長期維持低成本結構之風險。

2005 AND BEYOND

In the industry as a whole, there exists uncertainty with regards to the elimination of quotas in 2005 and the likely development of some form of new restraints on China exports between 2005 and 2008. We are well positioned to deal with the current level of uncertainty, as well as, the challenges after 2005. Management has anticipated this period of uncertainty, during which concentrating production in one or two countries only would have created considerable risks. With mature production sites of significant scale in the Philippines, Thailand, Vietnam, China, Taiwan and Macau, we are well diversified geographically. We are confident we will be able to meet our customers' capacity needs for 2005 with no disruptions. In fact, with several of our key customers, planning for the next 12 to 18 months is well under way. We are also fully equipped to assist our customers with fulfilling their growth plans for the next 3 to 5 years in a strategic way.

Starting with 2005, we expect to encounter some additional price reduction requests from customers, initiated by both rational and irrational competition from China in the first half of 2005. However, once restraints are imposed, there will also be a massive scramble to secure production capacity. Taking a conservative and prudent approach, we will be offering consistent and uninterrupted production to our customers, without making short-term trade-offs between lowest cost manufacturing sites and long-term viability of this cost structure.

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致謝

本人借此機會感謝客戶們對本集團不斷的信賴和支持，感謝Tristate這個大家庭的員工在這挑戰重重的一年竭誠效力。最後，謹向各股東和業務夥伴致意。

汪建中
主席兼行政總裁

香港，二零零四年四月二十三日

APPRECIATION

I take this opportunity to thank our valued customers for their ongoing trust and support for the Group. To the entire family of Tristate employees, we express our appreciation for their dedicated and energetic service during a challenging year. And last but not least, we wish to express our appreciation to our shareholders and business partners.

Wang Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 23rd April 2004