

Mr. Kwok Wing, Chairman



LEADING THE WORLD'S

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

As everyone hoped and prayed and worked hard for, the global economic environment rebounded with reviving consumer confidence and resuming business activities. During the year under review which ended 31 March 2004, the Group witnessed the Severe Acute Respiratory Syndrome ("SARS") pandemic, but fortunately it subsided quickly before it could affect the Group's operations. As such, the Group is proud to present its annual report, which has once again recorded encouraging business growth. The improvement and the business progress served as a testimony of our dedication and commitment to enhancing the business, to seeking opportunities when they arise and to rewarding our

supportive shareholders with greater returns.

As a result of market consolidation and increasing popularity of outsourcing from global brand names, as well as the Group's organic growth from increasing sales orders and broader customer base, both turnover and profit attributable to shareholders achieved encouraging growth at 11.8% and 16.3% respectively and amounted to HK\$989,413,000 and HK\$121,049,000 respectively during the year under review.

While North America remained as the Group's major market at 66.4%, casual wear also continued to be the core product at 60.0%, followed by swimwear at 36.4% and sportswear at 3.6%. During the year under review, the Group successfully engaged several new ODM/OEM clients as well as received large amounts of swimwear orders from renowned brand names to boost our sales volume.

SWIMWEAR & CASUAL WEAR



Thanks to our product excellence and impeccable service standards, the Group has accumulated an accolade of supportive customers, including industry giants and nationwide retail chain operators. The Group's two production bases in Cambodia and the PRC, with a total workforce of over 15,000 and a gross floor area of approximately 90,000 m², is a beneficial position to satisfy the increasing customer demands and needs.

The Group strives on its dedication to improve and excel. Recently, in March 2004, the Group signed a syndicated loan facility agreement totaling HK\$350 million for the purpose of refinancing its short term loans and providing funding for capital expenditures on existing business and general working capital. At the same time, the Group also endeavors to improve operational efficiency and profit margins while applying stringent measures to control costs. Such relentless effort is the reason behind the Group's success to remain as the

leading worldwide swimwear and casual wear manufacturer.

Throughout the years, the Group has become more than a manufacturer. It has evolved to become a trademark that represents quality and reliability, thanks to every single employee who has helped to make it possible. The success of the Group belongs to those who believed and supported, and the future of the Group also lies in the hands of those who have walked along side with us. On behalf of the Group, I would like to express my sincere gratitude to every one of our colleagues and staff. Let's look forward to the fruits of tomorrow, and the harvest of our hard work in the coming future.

For and on behalf of the Board,

Kwok Wing
Chairman

Hong Kong, 26 July 2004