

Chairman's Statement



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

Mr. Kwok Wing
Chairman

Time flies by like a blink of an eye. It was only a year ago that the Tack Fat Group International Limited ("Tack Fat" or the "Group") celebrated its successful listing on the Main Board of The Hong Kong Stock Exchange Limited ("SEHK"), as well as its impressive first year results for the year ended 31 March 2002. Today, a year later, I am writing to report our accelerating growth in turnover and profit for our 2002/03 annual results. Despite the global economic slowdown and shaken consumer confidence, the Group has continued to record enviable results for two consecutive years since listing. This is a reflection of the potentials of garment industry, our right strategies and, smooth and profitable development path ahead in the coming future.

Leveraging on the enormous market potentials and the long-term support from our renowned clientele, together with our competitive advantage in production capabilities and economies of scale in Cambodia and the People's Republic of China ("the PRC"), both turnover and profit attributable to shareholders achieved a remarkable growth of 24.6% and 26.6% respectively and amounted to HK\$885,031,000 and HK\$104,126,000.

As a leading provider of quality and fashionable swimwear and casual wear worldwide, the Group received increasing orders from over 30 renowned brands and department stores. Some of our accomplishments this year for our ODM/OEM business includes securing a bulk order from some reputable brands, which is guaranteed to generate steady revenue to the Group. In addition, the Group has also attracted numerous new ODM and OEM customers which are market giants in the swimwear industry.

Aware of the rising demand for quality swimwear and casual wear, the Group took the initiative to better prepare itself. During the year under review, the Group enlarged its production capacity and enhanced its production efficiency in both Cambodia and the PRC, especially for its higher margined swimwear products.

As for the promising PRC market, the Group is also pleased to announce that it has generated promising income from its exclusive ODM manufacturing of “Blue Cat” apparels for over 2,300 “Blue Cat” specialty stores in the PRC. During the year under review, Blue Cat Development Company Limited (“Blue Cat Development”) continued to expand its retail business in first-tier cities in the PRC, including Shanghai and Beijing. With its 5% investment in Blue Cat Development, the Group also benefited from the remarkable growth in sales and market penetration of “Blue Cat”.

There are many swimwear providers in the world, but one that combines scalable production capacity and extensive clientele consisting of global swimwear experts is difficult to find. Leveraging on the trend of outsourcing and market consolidation in the garment manufacturing industry, the Group stands out from its peers as a trademark of quality, reliability and endless possibilities.

With an ocean of opportunities ahead, the Group will ride on the increasing demand for quality swimwear and casual wear to fortify its robust business development. On behalf of the Group, I want to thank my fellow colleagues and staff for participating in our exciting journey to achieve success and recognition in the world of swimwear and casual wear. Keep up the good work, we are reaching closer and closer to our destination.

For and behalf of the Board,

Kwok Wing

Chairman

Hong Kong, 16 July, 2003