

Chairman's Statement



On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Tak Sing Alliance Holdings Limited for the financial year ended 31 March 2001.

RESULTS

Turnover for the Group this year was HK\$1,005,073,000, reduced by 13% from last year (HK\$1,153,223,000). Profit attributable to shareholders was HK\$26,731,000, increased by 30% from last year (HK\$20,611,000). Basic earnings per share for the year was HK3.68 cents (2000: HK3.04 cents).

DIVIDEND

The Directors have recommended the payment of a final dividend of HK2 cents per share for the year ended 31 March 2001 payable to shareholders whose names appear on the Register of Members of the Company on 22 August 2001. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or about 15 October 2001.

BUSINESS REVIEW AND PROSPECT

Profit attributable to shareholders for the year grew satisfactorily mainly because the Group's properties profit contribution increased and reduction of interest expenses as a result of decrease in borrowings and interest rate. Turnover for the year was slightly reduced due to slow down of USA and Japan consumer market as well as the disposal of the Group's subsidiary, Maran Inc, in December 2000.

The Group's garment business performed satisfactorily in the first half of this financial year. On the second half of the year, affected by reduction in order and price pressure for major markets, both turnover and operating profit decreased. The management has worked hard to reduce cost and expand into new market so as to maintain profit. Significant growth was achieved in Europe, Canada and other minor markets during the year.

As a result of the weak consumer market performance in the USA and Japan, prospects for the coming year will continue to be difficult. Management will make every effort to control cost and establish new customers to try to maintain the overall contribution of garment division. The purchasing consultancy contract with Maran Inc. will help to maintain the Group's garment profit to a level not significantly lower than this year.

During the year, catering industry in Hong Kong and China continued to be difficult with most operators resulted in reduction in turnover as well as profit. With effort from management to maintain food and service quality, the Group's restaurant turnover was about the same as last year. However, overall profit reduced mainly due to unsatisfactory performance in restaurants in Hong Kong despite good results in restaurants in China.

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For the coming year, the Group's new Carrianna Restaurant in Pudong area of Shanghai will contribute to the growth in overall restaurant turnover and profit.

The Group's property development project in Shenzhen City, the 'Imperial Palace' was completed in late May 2001. Satisfactory sales were achieved during the year.

The occupancy rates and rental income in the shopping mall of Carrianna Friendship Square, a property held by the Group's associated company, increased compared to last year.

For the coming year, sales revenue and rental income from properties in China and Hong Kong will continue to bring in steady and regular income to the Group.

China will enter WTO very soon and trigger huge business opportunities. The Group will invest more resources in China business development. With strong financial position and over 16 years of China business operation experience, these resources will bring good and long term returns to the Group.

Overall, the Board is optimistic about business prospects of the Group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my appreciation to our management team and staff for their support and dedication to the Group and to our shareholders, customers, suppliers and other business partners for their unfailing support.

Ma Kai Cheung

Chairman

Hong Kong, 24 July 2001