

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 2003.

RESULTS

Turnover for the Group this year was HK\$597,267,000, reduced by 7% from last year (HK\$641,453,000). Profit attributable to shareholders was HK\$26,725,000, decreased by 14% from last year (HK\$30,996,000). Basic earnings per share for the year was HK3.65 cents (2002: HK4.24 cents).

DIVIDEND

The Directors have recommended the payment of a final dividend of HK1 cent per share for the year ended 31 March 2003.

BUSINESS REVIEW AND PROSPECT

The reduction in profit attributable to shareholders for the year was mainly due to lower property sales profit and the effect of SARS which more than offset increase in rental income and China restaurant profits. As for turnover for the year, the increase in garment turnover and rental income is not enough to offset the reduction in property sales.

Garment

Garment turnover and profit increased by 3% and 7% respectively due to strong growth in North American distribution business and manufacturing business in Guatemala of Central America which more than offset reduction in other markets. South Africa had slow down from strong growth achieved in the previous two years.

Orders from all major markets are anticipated slackening in the second half of 2003. The Group has already employed more experienced sales person in America in order to maintain turnover and operating profit growth in anticipation of the coming difficult year.

Restaurant and Food

Restaurant and food turnover reduced slightly while operating profit increased by 5% from last year. Taking away the effect of SARS and new food manufacturing business started during the year, turnover should be roughly the same as last year while operating profit should record even bigger growth from last year.

The source of operating profit growth continued to come from China restaurant and food sales. Hong Kong restaurants sector continued to be difficult. During the year, the Group established a food manufacturing factory in Shenzhen for the production of traditional Chinese cakes and modern Hong Kong style cakes. Carrying the Group's premium brand of "Carrianna" and the insistence of high quality food products has made our retail cake shops chain one of the most famous cake shop brand in Shenzhen after a few months of operation.

The effect of SARS extended into April and May of 2003, the Group has taken measures, such as less working days and negotiate for lower rental, to reduce cost. Together with reduction in taxes and certain levies by China and Hong Kong government, the effect of SARS will not be very significant for the coming year restaurant profit. After first year of start up, the food factory is approaching breakeven and will become a new source of profit for the group in the coming years. Overall, the Board is optimistic on the coming year restaurant and food operations.

Property Investment and Development

As reported in the interim report, the sales of the Group's remaining residential property had slowed down. The Group has started to rent out some of these remaining properties. Together with rental growth in "Carrianna Friendship Square", the increase in rental income during the year partially offset reduction in profit due to lower property sales. For the coming year, rental income will continue to grow and become the major source of income for property business.

During the year, the Group invested in "China South International Industrial Materials City" located on the Pinghu Logistics Base of Shenzhen. The project is jointly developed by the Group, Man Sang Group and 3 other companies which are either Hong Kong listed companies or industrial leaders in their respective industries. The project is a gigantic wholesale market for industrial materials which provides trading, exhibition, information sharing, warehousing, distribution, transportation and settlement services. The project offers huge potential for growth and is planned to bring in substantial and long term profit for the investors.

Overall, I continue to be optimistic about the prospects of the Group for the coming year.

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 2003