

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 2004.

RESULTS

Turnover of the Group this year was HK\$607,972,000, increased by 2% from last year (HK\$597,267,000). Profit attributable to shareholders was HK\$23,306,000, reduced by 3% from last year (HK\$24,098,000). Profit attributable to shareholders was less than last year due to higher tax expenses as a result of more profit from South Africa and Mainland China. Excluding tax effect, profit before tax for the year recorded a growth of 3% from last year. The increase in turnover and profit before tax was mainly due to outstanding performance in restaurant and food business.

DIVIDEND

The Directors have recommended the payment of a final dividend of HK1 cent per share for the year ended 31 March 2004.

BUSINESS REVIEW AND PROSPECT

Garment

Garment business in China and Europe remained strong while South Africa factories recorded strong growth in turnover as well as profit. However, America business performance was not satisfactory. After a year of strong growth, both distribution business in North America and manufacturing business in Central America suffered from reduced orders and margin. Measures have been taken during the year to expand customer base and control production cost. More orders and new customers have been established in the last few months. Together with good performance in South Africa and other areas, outlook for the coming year should be more promising than the past year.

Restaurant and food

Despite the effect of Severe Acute Respiratory Syndrome ("SARS") in the second quarter of 2003, restaurant and food division recorded satisfactory growth in turnover of 5% and an outstanding profit growth of 43%. Growth in turnover and profit was mainly due to strong restaurant sales in Shenzhen and Shanghai and the continuous acceptance of "Carrianna" branded food items in Mainland China. Successful cost control during the period of SARS also contributed to the improvement of profit margin.

Outlook for the coming year remains strong while the recent pressure on raw materials prices in China may have an impact on profit margin.

Property Investment and Development

Rental income in Mainland China continued to grow due to further improvement of occupancy rate in "Carrianna Friendship Square" and "Imperial Palace" shopping arcade. Current occupancy rate for "Carrianna Friendship Square" exceeds 95%. The grand opening of "Carrianna International Jewellery Centre" in June 2004 will further improve overall rental value of Carrianna Friendship Square.

Residential property sales remained slow during the year while we have rented out most of the unsold units for rental income. Rental yield is satisfactory at around 7% to 8%.

Construction of "China South International Industrial Material City" is underway and phase I of the project, which comprises of 500,000 square meters of exchange and display area, will be completed and commence operation in the fourth quarter of 2004. Shop rental and sales in the last few months were very encouraging. The project is expected to be a new source of profit for the Group for the coming years.

Overall, the Board continues to be optimistic about the 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, 23 July 2004