

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 2007.

RESULTS

For the year ended 31 March 2007, the Group recorded a total turnover of HK\$655.8 million and profit attributable to shareholders of HK\$336.7 million, representing an increase of 10% as compared with last year of HK\$595.3 million and 5 times as compared with last year of HK\$56.1 million respectively. Strong growth of restaurant and food business and increase in property sales in the PRC market was the key driver for the Group's turnover. The substantial growth of profit attributable to shareholders for the year was mainly due to profit from one of our major associates, China South City Holdings Limited ("China South City Group") and significant increase in restaurant and food business profit.

In view that the new Corporate Income Tax Law of the PRC will be effective from 1 January 2008, management has accounted for the future tax exposure i.e. corporate income tax rate will increase from 15% to 25% or decrease from 33% to 25%. In this connection, we have made relevant additional deferred tax provision of approximately HK\$98.4 million (including share of tax of an associate of HK\$65.7 million). The Group's profit of the current year would be HK\$442.2 million if such deferred tax provision has not been made.

Shareholder's return for the year ended 31 March 2007, representing the increase in share price of the Company during the year plus dividends paid during the year, is about 427% (2006: 25%).

DIVIDEND

The Directors have recommended the payment of a final dividend of HK2 cents per share for the year ended 31 March 2007.

本人謹代表董事會同寅向各位股東欣然提呈達成集團截至二零零七年三月三十一日止財務年度的年報。

業績

於截至二零零七年三月三十一日止年度，本集團的總營業額為655,800,000港元，較去年的595,300,000港元上升10%，而股東應佔溢利為336,700,000港元，為去年56,100,000港元的5倍。酒樓及食品業務錄得強勁增長，以及在中國市場之物業銷售額上升，成為本集團營業額上升的主要動力。年內股東應佔溢利大幅上升主要來自本集團其中一家主要聯營公司華南城控股有限公司（「華南城集團」）之溢利及酒樓及食品業務溢利顯著上升所致。

新企業所得稅法將於二零零八年一月一日生效，而管理層已計及企業所得稅率將由15%增至25%或由33%降至25%的日後稅項風險，亦已就此預留額外遞延稅項撥備約98,400,000港元（包括分佔聯營公司稅項65,700,000港元）。倘未作出該遞延稅項撥備，則本集團本年度溢利應為442,200,000港元。

於截至二零零七年三月三十一日止年度，股東回報（即本公司年內股份價格的上升加上年內分派之股息）為約427%（二零零六年：25%）。

股息

董事會建議就截至二零零七年三月三十一止年度派發末期股息每股2港仙。

BUSINESS REVIEW AND PROSPECT

2007 has been a year of change for the Group with rapid dynamic growth. In February 2007, the Group signed an agreement for an important strategic acquisition in Hunan Province. With this acquisition, we have established strong presence in the PRC property market and substantially increased our land reserve by 3 million sq.m. gross floor area ("GFA"). Subsequent to the financial year under review, the Group entered into agreements for the acquisition of another two mega land reserves, namely a land in Jiansu Province of 1.9 million sq.m. GFA through our subsidiary and another in Jiangxi Province of 3.8 million sq.m. GFA through our major associate, China South City Group. Together with the existing reserve of 2.2 million sq.m. GFA held by China South City Group in Shenzhen City, Guangdong Province, our total land reserve in the PRC has reached 10.9 million sq.m. GFA which will well cater for our future development in the coming years.

To further our ambitions in the PRC property market and strengthen our capital base, the Group has placed 133 million new shares to renowned international institutional investors for HK\$406 million in June 2007 and China South City Group has issued a 5-year bond for HK\$975 million in July 2007. With its strengthened capital base by HK\$1.4 billion, the Group has received recognition from public investors and shareholders on its focus of being a PRC property developer.

業務回顧及展望

二零零七年是本集團蛻變的一年，業務增長非常迅速。於二零零七年二月，本集團簽訂協議，於湖南省作出重要的策略收購，藉此於中國物業市場建立穩健市場地位，並大幅增加土地儲備達建築面積（「建築面積」）3,000,000平方米。於回顧財政年度後，本集團訂立協議收購另外兩項大型土地儲備，分別為透過本集團附屬公司收購江蘇省建築面積達1,900,000平方米及透過本集團主要聯營公司華南城集團收購江西省建築面積達3,800,000平方米的土地。連同華南城集團現有位於廣東省深圳市建築面積為2,200,000平方米的儲備，本集團於中國的土地儲備總額建築面積達10,900,000平方米，足以應付本集團未來數年的發展所需。

為於中國物業市場大展鴻圖及鞏固資本基礎，本集團於二零零七年六月向知名國際機構投資者配售133,000,000股新股份，代價為406,000,000港元，而華南城集團亦於二零零七年七月發行五年期債券，代價為975,000,000港元。兩項融資共為本集團注入14億港元的資本，並得到公眾投資者及股東肯定本集團矢志成為中國地產發展商的決心。

Property

Review

During the year, turnover and segment profit from property were HK\$47,112,000 (2006: HK\$37,312,000) and HK\$76,392,000 (2006: HK\$20,803,000) respectively. Increase in turnover was mainly due to increase in the sales of the remaining residential properties in Shenzhen area while the increase in segment profit was largely attributable from the revaluation gain of investment properties held by the Group.

In February 2007, the Group has entered into an agreement to acquire 55% interest of a property project, namely Grand Lake City, in Yiyang City, Hunan Province. The transaction was completed on 25 May 2007. The Group's interest in this project was increased to 75% by a further entering of an agreement to acquire 20% interest in May 2007. The transaction is expected to be completed in August 2007 (details of the transactions were disclosed in the circular of the Company dated 30 March 2007 and 18 May 2007). The project has a total GFA of approximately 3 million sq.m. and construction of the first phase of 103,000 sq.m. of residential property has been started in January 2007 and is expected to be completed by the end of 2007.

Occupancy and trading volume of China South Raw Material City continued to grow during the year. In particular, we have to build temporary shops to accommodate excess tenants for the leather and textile market. As a result of the improvement in occupancy rate and rental income, significant revaluation gain was recorded in China South City Group which becomes a major profit contributor to the Group. During the year, China South City Group has also started construction of 120,000 sq.m. residential property as a complimentary service to the tenants of the industrial market.

Rental income during the year was affected by the renovation of Carrianna Friendship Square. Subsequent to the completion of the renovation in early 2008, effective rental and occupancy rate has improved satisfactorily.

地產

回顧

年內，地產的營業額及溢利分別為47,112,000港元（二零零六年：37,312,000港元）及76,392,000港元（二零零六年：20,803,000港元）。營業額增長主要由於深圳地區剩餘的住宅物業銷售額上升，而分類溢利增長則主要來自本集團持作投資物業的重估收益。

二零零七年二月，本集團訂立協議收購湖南省益陽市名為梓山湖新城的物業項目的55%權益，有關交易於二零零七年五月二十五日完成。本集團於二零零七年五月再訂立協議增購20%權益，使所持該項目的權益增至75%。預期該項交易於二零零七年八月完成。（交易詳情分別於本公司二零零七年三月三十日及二零零七年五月十八日的通函中披露）。該項目的總建築面積約3,000,000平方米，而第一期103,000平方米住宅物業已於二零零七年一月展開建築工程，預期於二零零七年底落成。

年內，華南國際工業原料城的出租率及成交量均持續增加，特別是本集團須興建臨時店舖以應付皮革及紡織市場的超額租戶。由於出租率及租金收入提升，華南城集團錄得顯著物業重估收益。年內，華南城集團亦動工興建120,000平方米的住宅物業，以配合原材料市場租戶的需要。

年內租金收入受到佳寧娜友誼廣場的裝修工程影響。於二零零八年初裝修工程完成後，實際租金及佔用率均有理想改善。

Prospects

Initial launch of the phase I of Grand Lake City residential property in May 2007 received encouraging response. Out of the total 54,000 sq.m. put to sale in the market, about 90% or 50,000 sq.m. was sold in the first month. The rest of phase I, about 49,000 sq.m. will be launched to the market in September 2007. Phase I construction is expected to be completed by the end of 2007 and property will be delivered to customers in the first quarter of 2008. A commercial street consist of approximately 40,000 sq.m. has also started construction in July 2007 and is expected to be completed in early 2008 and launched for sales in 4th quarter of 2007.

The Group's 50% owned joint venture in Dongguang city has its development plan of 350,000 sq.m. GFA of electronic product distribution centre approved by the government. Land title transfer process is expected to be completed in the coming months and construction is expected to start in early 2008.

Subsequent to year end in June 2007, the Group together with other investors, entered into agreement with Lianyungang, a port city in north of Jiangsu Province to develop a market for industrial materials and finished good products. The project occupies a land of about 1,250,000 sq.m. with estimated plot ratio of 1.5. Planning is underway and construction is expected to start in early 2008. The Group owns 56% interest in the project company.

Construction of phase II of the leather and textile market of China South City Shenzhen, consists of about 600,000 sq.m., has been started in July 2007 and is expected to be completed in 2008. The 120,000 sq.m. of residential property will be launched to the market later this year and is expected to be completed by the end of 2007.

展望

梓山湖新城第一期住宅物業於二零零七年五月首次發售，市場反應熱烈。首期推出市場合共54,000平方米中，約90%（50,000平方米）於首月售出。第一期其餘約49,000平方米將於二零零七年九月推出市場。預期第一期工程將於二零零七年底完成，而該物業將於二零零八年首季交付予客戶。另外，約40,000平方米的商店街亦於二零零七年七月展開工程，將於二零零七年第四季發售並預期於二零零八年初落成。

本集團擁有50%權益位於東莞市的合營項目建築面積達350,000平方米的電子產品分銷中心發展計劃已獲政府批准。預期土地所有權轉讓程序將於數月內完成，而建築工程預期於二零零八年初展開。

於二零零七年六月，本集團及其他投資者與江蘇省以北港口城市連雲港訂立協議，發展工業原料及製成品市場。該項目佔地約1,250,000平方米，估計建築容積率約為1.5倍。該項目現正進行規劃，預期於二零零八年初動工。本集團擁有項目公司56%權益。

面積約600,000平方米的華南國際工業原料城皮革及紡織市場第二期建築工程已於二零零七年七月展開，預期於二零零八年完成。已動工的120,000平方米的住宅物業將於本年度較後時間推出市場，預期於二零零七年底落成。

Subsequent to year ended in May 2007, China South City Group entered into an agreement with the capital city of Jiangxi Province, Nanchang City, to develop a project similar to the industrial material city in Shenzhen. The project comprises of 1,125,000 sq.m. GFA of material market, 750,000 sq.m. GFA of warehouse and 1,875,000 sq.m. GFA of residential building. Planning is underway and constructions are expected to start in 2008.

Overall, Grand Lake City will be a major profit contributor in the coming financial year while rental income from investment property should be better than last year and China South City Group will also continue to be a profit contributor to the Group.

Together with the completion of China South City Phase II leather and textile market in 2008 and the construction of Nanchang, Lianyungang and Donggaung projects, management is optimistic about the future prospect of the Group's property development business.

二零零七年五月，華南城集團與江西省省會南昌市訂立協議，發展類似深圳工業原料城的項目。該項目包括建築面積為1,125,000平方米的原料市場、建築面積為750,000平方米的倉庫及建築面積為1,875,000平方米的住宅樓宇。該項目現正進行規劃，預期於二零零八年動工。

總括而言，梓山湖新城將成為本集團下一財政年度的主要溢利來源，而來自投資物業的租金收入應多於去年，華南城集團亦將繼續為本集團帶來溢利貢獻。

隨著華南城皮革及紡織市場第二期於二零零八年竣工，而南昌、連雲港及東莞項目的建築工程亦將相繼動工，管理層對本集團地產發展業務的前景非常樂觀。

Hotel, Restaurant and Food

Review

During the year, turnover and segment profit from hotel, restaurant and food businesses were HK\$348,105,000 (2006: HK\$286,574,000) and HK\$47,308,000 (2006: HK\$27,961,000) respectively. Excellent increase in turnover by 21% and segment profit by 69% was due to the opening of two new restaurants in Futian area of Shenzhen and Wuhan during the year as well as the rewarding performance of sales in mooncakes and other Chinese traditional food. Carrianna Hotel in Foshan also recorded satisfactory growth in profit during the year.

Prospects

With the largest population in the world and continuing economic growth, PRC has a large consumer base which provides ample growth opportunities for the food and beverage industry. We will seize this golden opportunity to continuously expand the segment operation. A new restaurant will be opened in Wuhan in early August 2007. Taking into account of the full-year operation of Futian restaurant, management is confident that the segment will continuously deliver promising results in the coming years.

In May 2007, the Group acquired a half-completed five-star hotel in Yiyang City, Yiyang International Hotel. The hotel is located in the city center with two main buildings and 350 hotel rooms. Currently, the hotel is under construction at the moment and is expected to commence its operation in first quarter of 2008.

酒店、酒樓及食品

回顧

年內，酒店、酒樓及食品營業額及溢利分別為348,105,000港元（二零零六年：286,574,000港元）及47,308,000港元（二零零六年：27,961,000港元）。由於年內在深圳市福田區及武漢開設兩間酒樓，以及月餅與其他中國傳統食品的銷售額理想，營業額及溢利分別大增21%及69%。佛山佳寧娜大酒店年內亦錄得理想溢利增長。

展望

中國作為全球人口最多及經濟持續增長的國家，擁有龐大客戶基礎，為飲食業提供充裕增長機會。本集團將把握此黃金機遇，繼續拓展有關業務，包括於二零零七年八月初在武漢開設新酒樓。計入深圳福田酒樓將有全年的業績，管理層有信心於來年可繼續取得可觀業績。

二零零七年五月，本集團收購益陽市一幢興建中的五星級酒店，益陽國際大酒店。該酒店位於市中心，有兩幢主樓及350個酒店房間。現時，酒店仍在建設中，預期於二零零八年首季開業。

Garment

Review

During the year, turnover and segment loss from garment business were HK\$260,594,000 (2006: HK\$270,946,000) and HK\$4,853,000 (2006: HK\$7,059,000) respectively. Keen competition leads to unprofitability of the segment and continuous shrinking of the garment business.

Prospects

In view of the intense competition and thin profit margin encountered by the garment business and the need of continuous capital investment for improving the production efficiency and increasing economies of scale, the management has decided to minimize resources input in the garment business and explored ways to cease its operations within the coming financial year in a most cost effective manner.

成衣

回顧

年內，成衣業務的營業額及虧損分別為260,594,000港元（二零零六年：270,946,000港元）及4,853,000港元（二零零六年：7,059,000港元）。由於競爭激烈，引致營業額減少並未能獲取利潤。

展望

鑑於成衣業務面對激烈競爭及溢利率微薄，且需要持續投入資本提升生產能力及增加規模經濟效益，管理層決定削減成衣業務的資源，並尋求方法以最佳成本效益於下個財政年度內終止該業務。

APPRECIATION

Mr. Yau Wing Keung, an independent non-executive director of the Company, will step down from the Board upon retirement at the forthcoming Annual General Meeting. I would like to offer my sincere gratitude to Mr. Yau, on behalf of my fellow directors, for his long years of loyal service and immense contribution to the Group.

I would like to take this opportunity to extend my appreciation to the Board of Directors, 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.

Dr. Ma Kai Cheung

Chairman

Hong Kong, 27 July 2007

鳴謝

本公司獨立非執行董事游永強先生將於隨即舉行之股東週年大會上因任滿告退而退出董事會。本人謹代表各董事，衷心感激游先生多年來的忠誠服務及為本集團作出的重大貢獻。

本人藉此機會對本集團董事會、管理層及員工的忠誠及貢獻深表謝意，並就各股東、客戶、供應商及其他業務伙伴給予的鼎力支持表示衷心感激。

主席

馬介璋博士

香港，二零零七年七月二十七日