

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 2006.

RESULTS

For the year ended 31 March 2006, turnover of the Group was HK\$595,339,000, decreased by 13% from last year (HK\$680,995,000). Profit attributable to equity holders of the parent was HK\$56,130,000, increased by 38% from last year (HK\$40,680,000). The decrease in turnover was mainly due to reduction in garment sales while the growth in operating profit was mainly due to satisfactory performance in an associate company, China South International Materials City (Shenzhen) Co. Ltd.

DIVIDEND

The Directors have recommended the payment of a final dividend of HK1 cent per share for the year ended 31 March 2006.

BUSINESS REVIEW AND PROSPECT

Garment

Garment business passed through a volatile year of operation. Following the removal of quota, USA garment import increased significantly in the first half year of 2005. As a result of such abnormal increase, import in the second half year reduced significantly. Moreover, import price offered by customer also reduced due to excessive supplies in the market. Overall, our last year export business suffered from sales and operating profit reduction. In domestic market, our South African business focused on higher end customer products in order to maintain satisfactory gross margin. Sales to lower end customer was reduced due to lower margin caused by cheaper import products. As a result, sales and operating profit for South Africa also reduced from last year.

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二零零六年三月三十一日止財務年度的年報。

業績

本年度集團經審核之營業額為595,339,000港元，較去年(680,995,000港元)減少13%；母公司權益持有人應佔溢利為56,130,000港元，比去年(40,680,000港元)增加38%。營業額減少主要因為成衣業務銷售減少。股東應佔溢利增長的主要貢獻者則為聯營公司「華南國際工業原料城(深圳)有限公司」的理想業績。

股息

董事會建議就截至二零零六年三月三十一止年度派發末期股息每股1港仙。

業務回顧及展望

成衣

成衣業務經過大幅波動的一個年度，由於美國取消配額制度，2005年上半年成衣出口大量增加，引致下半年的訂單大幅減少，同時出口價格亦受到很大壓力。總體而言，出口美加市場的金額及營利均減少。本銷市場方面，受到進口產品衝擊，集團南非公司集中生產價格及毛利較高的客戶訂單，以維持合理的毛利率，唯營業額及營運利潤亦因此比去年減少。

Facing fierce competition in garment export, the garment division went through some medium term strategy changes during the year. At the end of 2005, a decision was made to cease operation in the Guatemala factories due to its high production cost and its machineries were shipped back to the China factory where production cost is more competitive. By combining the production facilities, unit cost will be reduced and our overall export margin should be improved. On the other hand, our South African factory overhead will also be reduced to match with the smaller production scale. In the beginning of 2006, our American operation started to distribute the 'Gener8' brand of leisure wear in many states in the USA, including Eastern, South Eastern, Central South and Central West districts. Depending on the result of 2006 distribution, the Group will plan for its future investment to support our own garment brand distribution so as to reduce heavy reliance on private label business.

Hotel, Restaurant and Food

During the year, the Group continued to expand our Hotel, Restaurant and Food businesses and, as a result, turnover and operating profit recorded satisfactory growth. Carrianna Restaurant was opened in Xian in August 2005, the Carrianna Restaurant in Hainan was closed for renovation in February to April 2006 and was re-opened in May 2006. In addition, another Carrianna Restaurant was opened in Wuhan in May 2006 and a third restaurant will be opened in Shenzhen in the Futian area in August 2006. The prospect for the hotel, restaurant and food division is promising and will continue the past few years' trend of growth and become a good profit contributor to the Group.

面對出口激烈競爭的壓力，成衣業務部在年內作出相對的中期策略調整。於2005年底，決定停止營運生產成本越來越高的危地馬拉廠房，將生產設備調回生產成本較低的中國廠房，以期集中生產力量、降低單位成本，提高來年的總體成衣毛利率。南非廠房亦將調整行政及後勤服務以配合比以前較小的生產規模。自2006年初起，成衣部在美國經營的悠閒服品牌 'Gener8'，開始在美國多個州份包括東部、東南部、中南部及中西部分銷，集團將總結2006年的分銷結果，策劃投入更多資源發展品牌服裝銷售，以減少過份依賴代加工生產。

酒店、酒樓及食品

年內，集團繼續擴充酒店、酒樓及食品業務，營業額及盈利亦因而得到理想增幅。西安佳寧娜酒樓於2005年8月開業，海南佳寧娜酒樓於2006年2至4月重新裝修，5月開始重新營業。此外，武漢佳寧娜酒樓已經在2006年5月開始營業，位於福田區的第三間深圳佳寧娜酒樓亦將於2006年8月尾開業。展望來年，酒店、酒樓及食品業務將持續過去數年的增長趨勢，為集團帶來良好的營利貢獻。

Property and Logistic

Associated company, China South International Industrial Materials City (Shenzhen) Co. Ltd., finished its first full year of operation with very successful results which contributed significant profit to the Group. During the year, China South City achieved good growth in shop rental and sales. Revaluation of its investment properties also contributed significantly to its operating profit, reflecting the good earning potential of these properties.

For the Group's wholly owned properties, rental rate and rent continued to be satisfactory. For the coming year, the Group is planning to build more shopping space to let to tenants such as restaurant and fast food operators in the Carrianna Friendship Square courtyard. Subject to government approval, the extension is expected to be completed by the end of 2006 and will contribute to the increase in rental income.

The Group's investment properties are mainly located in the most developed cities in the mainland. Following the continuous economic development in China, a steady increase in property price and the gradual appreciation of Renminbi, the Group's asset value as well as rental income will be benefited with an optimistic outlook.

Overall, the Board is satisfactory about the performance of the Group for the year and is optimistic about the prospects 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, 21 July 2006

物業及物流

聯營公司「華南國際工業原料城(深圳)有限公司」經過首個全年營運年度,業績優異,為集團帶來可觀的營利貢獻。年內,華南城商舖出租及出售均有理想增幅;此外,出租物業的市值重估亦帶來可觀的溢利,反映華南城項目的盈利潛力優厚。

集團全資擁有的出租物業,保持理想出租率及租金收益。展望來年,集團正策劃擴建深圳佳寧娜廣場的外廣場建築物,增加餐廳及快餐店等出租商舖,計劃得到政府批准後,預期於年底建成,對集團的長遠租金收益將帶來正面影響。

集團的投資物業組合絕大部份在中國內地發展最成熟的主要城市。隨著中國內地經濟持續發展,物業價格平穩增長,人民幣匯率逐漸調高,集團的資產值及物業租金收益將受到正面影響,前景樂觀。

總括而言,董事會滿意集團本年度的業績表現,並對來年的業績表示樂觀。

鳴謝

本人藉此機會代表董事會對本集團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

香港,二零零六年七月二十一日