



TACK HSIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the “Board”) of Tack Hsin Holdings Limited (the “Company”) is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2007 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
REVENUE	3	192,707	143,990
Other income and gains		4,425	5,482
Cost of inventories used		(65,545)	(48,496)
Staff costs		(58,887)	(47,236)
Rental expenses		(22,020)	(17,725)
Utility expenses		(16,572)	(13,488)
Depreciation		(4,012)	(2,849)
Other operating expenses		(28,476)	(29,408)
Finance costs	4	(936)	(742)
Share of profits and losses of:			
Jointly-controlled entity		(208)	(105)
Associates		–	(164)
PROFIT/(LOSS) BEFORE TAX	5	476	(10,741)
Tax	6	599	(272)
PROFIT/(LOSS) FOR THE YEAR		<u>1,075</u>	<u>(11,013)</u>
Attributable to:			
Equity holders of the parent		792	(11,027)
Minority interests		283	14
		<u>1,075</u>	<u>(11,013)</u>
DIVIDEND			
Proposed final	7	<u>5,405</u>	<u>3,603</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT BASIC	8	<u>0.2 cents</u>	<u>(3.1) cents</u>

CONSOLIDATED BALANCE SHEET

31 March 2007

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		21,164	13,446
Investment properties		44,400	45,800
Prepaid land lease payments		4,925	5,005
Property held for development		4,665	4,665
Interest in a jointly-controlled entity		754	1,134
Interests in associates		–	950
Deferred tax assets, net		1,086	–
		<hr/>	<hr/>
Total non-current assets		76,994	71,000
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		3,168	3,742
Trade receivables	9	193	532
Prepayments, deposits and other receivables		12,733	9,061
Tax recoverable		–	60
Cash and cash equivalents		31,542	36,821
		<hr/>	<hr/>
Total current assets		47,636	50,216
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	10	4,525	3,309
Other payables and accruals		13,888	11,202
Interest-bearing bank and other borrowings		3,368	448
Amounts due to minority shareholders		1,579	1,579
Tax payable		101	–
Provision for long service payments		1,256	1,896
		<hr/>	<hr/>
Total current liabilities		24,717	18,434
		<hr/>	<hr/>
NET CURRENT ASSETS		22,919	31,782
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		99,913	102,782
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		10,816	11,311
Deferred tax liabilities, net		1,508	1,159
		<hr/>	<hr/>
Total non-current liabilities		12,324	12,470
		<hr/>	<hr/>
Net assets		87,589	90,312
		<hr/> <hr/>	<hr/> <hr/>

	2007 HK\$'000	2006 HK\$'000
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	36,032	36,032
Reserves	46,012	50,609
Proposed final dividend	5,405	3,603
	<hr/>	<hr/>
	87,449	90,244
Minority interests	140	68
	<hr/>	<hr/>
Total equity	87,589	90,312
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Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties and buildings, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. Impact of new and revised Hong Kong financial reporting standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(b) HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

4. Finance costs

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	916	732
Interest on finance leases	20	10
	<u>936</u>	<u>742</u>

5. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Recognition of prepaid land lease payments	80	80
Loss on disposal of items of property, plant and equipment	-	112
Loss on disposal of an investment at fair value through profit or loss	-	150
Fair value loss of an available-for-sale investment	-	20
Fair value loss of an investment at fair value through profit or loss	-	147
Gain on disposal of an available-for-sale investment	-	(320)
	<u>-</u>	<u>(320)</u>

6. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	138	-
Underprovision in prior years	-	8
Deferred	(737)	264
	<u>(599)</u>	<u>272</u>
Total tax charge/(credit) for the year	<u>(599)</u>	<u>272</u>

7. Dividend

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Proposed final – HK1.5 cents (2006: HK1 cent) per ordinary share	<u>5,405</u>	<u>3,603</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of approximately HK\$792,000 (2006: loss of HK\$11,027,000) and the number of 360,321,620 ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 March 2007 and 2006 have not been disclosed as no diluting events existed during these years.

9. Trade receivables

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	2007 HK\$'000	2006 <i>HK\$'000</i>
Within 3 months	170	325
4 to 6 months	23	84
7 to 12 months	–	123
	<u>193</u>	<u>532</u>

10. Trade payables

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	2007 HK\$'000	2006 <i>HK\$'000</i>
Within 3 months	4,519	3,267
Over 3 months	6	42
	<u>4,525</u>	<u>3,309</u>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Dividend

The Directors recommend the payment of a final dividend of HK1.5 cent per share (2006: HK1 cent per share) for the year ended 31 March 2007, payable to shareholders whose names appear in the register of members of the Company on Monday, 17 September 2007. The dividend will be payable on Friday, 28 September 2007.

Financial Review

The Group's consolidated revenue for the year ended 31 March 2007 was HK\$192,707,000, as compared to revenue of HK\$143,990,000 in last year. The consolidated profit for the year attributable to equity holders of the parent was HK\$792,000. The loss for 2006 was HK\$11,027,000. The occurrence of profit as compared to last year was mainly attributable to the restaurant operations. The earnings per share was HK0.2 cents (2006: Loss per share of HK3.1 cents).

For the year under review, our business has attained considerable improvements, while the business progress of the newly opened branch is in line with our expectation. At the same time, the strategy of market sourcing and internal resources consolidation have also been improved. To satisfy the changing taste of consumers, the Group kept making efforts in reducing purchasing cost, and offering wider choices of delicious foods which are of high quality and have value for money. The aim is to increase consumer traffic by suiting various needs of the public so as to achieve a win-win situation.

The Group managed to keep the cost of food within acceptable range by taking advantage of bulk purchase. As a result, the gross profit exceeded our target while the gross profit margin remained at 66% for the year. The Group's sufficient cash flow is supportive of continuous expansion of its business.

As the hotel has not commenced operation and expenses and depreciation amounting to approximately HK\$3,400,000 was incurred during the year, the profit of the Group was reduced.

Restaurant Operations

The Group started looking for restaurant sites from the summer of 2006 and a suitable site was identified in the MegaBox Shopping Mall in Kowloon Bay with an area of 10,300 square feet. The Group invested an aggregate of HK\$9,000,000 and started renovation without delay. The new restaurant commenced operation in early June 2007, which is expected to expand the Group's existing market share.

Meanwhile, the Group leased a shop for its Macau Cafe in a place where the Mongkok Hotel is, which opened in early November 2006.

As our branch in O'Brien Road, Wanchai, Hong Kong has recorded encouraging performance since its opening, the Board has determined to find another suitable place for a new branch in Hong Kong Island, when there happened to be a suitable place in Causeway Bay Square II in September 2006 with a business area of 5,560 square feet. Capitalising on this opportunity, the Group has completed renovation work in a short period and the new branch opened in early November. The operation of the branch is satisfying.

Hotel business

Our featured hotel planned in 2005 was named "Sunny Day Hotel". It is located in the centre of Mongkok and right behind Langham Place providing 39 rooms. Target customers are mainly tourists of Individual Visit. The Hotel commenced operation in early June 2007.

Liquidity and Financial Resources

As at 31 March 2007, the Group had bank and other borrowings of HK\$14,184,000 (2006: HK\$11,759,000). The secured bank loan of approximately HK\$11,152,000 (2006: HK\$11,509,000) was secured by certain of the Group's properties, and guarantees given by the Company and a subsidiary. The bank overdrafts of approximately HK\$2,875,000 (2006: Nil) were guaranteed by the Company. The obligations under finance leases of approximately HK\$157,000 (2006: HK\$250,000) were secured by certain of the office equipment of the Group. The bank and other borrowings of the Group as at 31 March 2007 include: borrowings of HK\$3,368,000 are repayable within one year; borrowings of HK\$470,000 are repayable within two years; borrowings of HK\$1,441,000 are repayable within three to five years; borrowings of HK\$8,905,000 are repayable after five years. Most of these borrowings are subject to a floating rate.

The aggregate cash and bank balances was approximately HK\$31,542,000 (2006: HK\$36,821,000), representing a decrease of 14%, with most of them being fixed deposits with a maturity of less than 3 months. The shareholders' equity was HK\$87,589,000 (2006: HK\$90,312,000). The ratio of non-current liabilities to shareholders' equity was 0.14 (2006: 0.14).

The Group's cash and borrowings are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk.

Contingent Liabilities

At the balance sheet date, the Group had no material contingent liabilities. As at 31 March 2006, the Group had bank guarantees given in lieu of a property rental deposit amounting to HK\$1,000,000.

Number of Employees and Remuneration Policy

As at 31 March 2007, the Group had more than 439 employees, the remuneration packages of whom are being reviewed annually with reference to the prevailing market condition.

OUTLOOK

The Group is confident on the business development of new branches in the coming year. The overall business is expected to maintain stable growth, and the interest expenses of the Group are expected to remain stable without any increase in our borrowings during the current year, which will be helpful to our cost saving policies.

With the stable growth of domestic economy and the increasing per capita income in Hong Kong, the Group believes that the favorable trend will bring continuous growth in our restaurant operations. In the future, the Group will make more efforts to seek new investment opportunities, expand its market share and build a better future in line with the development of Hong Kong economy. We are pleased to share the quality services of the Group with consumers, meanwhile, the Board have confidence in the Group's future development and maintaining its competitive edge.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 10 September 2007 to Monday, 17 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to attend and vote at the annual general meeting to be held on 17 September 2007, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 September 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation as mentioned below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chan Shu Kit currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Under the current Bye-laws of the Company, any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that it is not necessary for the directors so appointed to retire at the first general meeting, which sets a shorter period as provided for under Code Provision A.4.2 of the CG Code. The Board would like to clarify that this would not be seen as a deviation from the Code Provision A.4.2 as the Company's Bye-laws follow the paragraph 4(2) of the Appendix 3 of the Listing Rules, which sets the maximum time permitted for the office of anyone appointed on a casual basis.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members, namely Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, all are independent non-executive directors of the Company. The annual results of the Group for the year ended 31 March 2007 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the Company will be held on Monday, 17 September 2007, and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

By Order of the Board
Chan Shu Kit
Chairman

Hong Kong, 24 July 2007

As at the date of this announcement, the Board of the Company comprises Mr. Chan Shu Kit, Mr. Kung Wing Yiu and Mr. Chan Ho Man as the executive directors, and Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung as the independent non-executive directors.