



TACK HSIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the “Board”) of Tack Hsin Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2007, together with the comparative figures. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$’000	HK\$’000
REVENUE	2	116,831	78,813
Other income and gains		2,943	627
Cost of inventories used		(40,455)	(26,912)
Staff costs		(35,732)	(25,885)
Rental expenses		(13,378)	(10,393)
Utilities expenses		(10,413)	(8,117)
Depreciation		(2,475)	(1,472)
Other operating expenses		(16,926)	(12,868)
Finance costs	3	(511)	(421)
Share of profit of a jointly-controlled entity		31	52
LOSS BEFORE TAX	4	(85)	(6,576)
Tax	5	–	–
LOSS FOR THE PERIOD		(85)	(6,576)
Attributable to:			
Equity holders of the parent		(275)	(6,508)
Minority interests		190	(68)
		(85)	(6,576)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC	6	(0.08 cents)	(1.81 cents)
DIVIDEND	7	Nil	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2007

	<i>Notes</i>	30 September 2007 (Unaudited) <i>HK\$'000</i>	31 March 2007 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		25,970	21,164
Investment properties		45,500	44,400
Prepaid land lease payments		4,885	4,925
Property held for development		4,665	4,665
Interest in a jointly-controlled entity		805	754
Deferred tax assets, net		1,086	1,086
Total non-current assets		<u>82,911</u>	<u>76,994</u>
CURRENT ASSETS			
Inventories		5,694	3,168
Trade receivables	8	585	193
Prepayments, deposits and other receivables		12,347	12,733
Cash and cash equivalents		19,845	31,542
Total current assets		<u>38,471</u>	<u>47,636</u>
CURRENT LIABILITIES			
Trade payables	9	5,711	4,525
Other payables and accruals		17,161	13,888
Interest-bearing bank and other borrowings		2,661	3,368
Amount due to minority shareholders		–	1,579
Tax payable		101	101
Provision for long service payments		1,256	1,256
Total current liabilities		<u>26,890</u>	<u>24,717</u>
NET CURRENT ASSETS		<u>11,581</u>	<u>22,919</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>94,492</u>	<u>99,913</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		10,549	10,816
Deferred tax liabilities, net		1,508	1,508
Total non-current liabilities		<u>12,057</u>	<u>12,324</u>
Net assets		<u>82,435</u>	<u>87,589</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		36,032	36,032
Reserves		46,073	46,012
Proposed final dividend		–	5,405
		<u>82,105</u>	<u>87,449</u>
Minority interests		330	140
Total equity		<u>82,435</u>	<u>87,589</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended 31 March 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the method of computation in the Group’s condensed consolidated interim financial statements.

2. SEGMENT INFORMATION

The Group’s operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group’s business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group’s business segments for the six months ended 30 September 2007 and 2006.

	Restaurant		Hotel		Property		Corporate		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
		(Restated)		(Restated)		(Restated)				
Segment revenue:										
Revenue	115,498	78,177	917	-	416	636	-	-	116,831	78,813
Other income and gains	122	39	-	-	2,530	19	-	-	2,652	58
Total	<u>115,620</u>	<u>78,216</u>	<u>917</u>	<u>-</u>	<u>2,946</u>	<u>655</u>	<u>-</u>	<u>-</u>	<u>119,483</u>	<u>78,871</u>
Segment results	<u>4,607</u>	<u>(866)</u>	<u>(1,841)</u>	<u>(1,826)</u>	<u>2,684</u>	<u>390</u>	<u>(5,346)</u>	<u>(4,474)</u>	<u>104</u>	<u>(6,776)</u>
Interest income									291	569
Finance costs									(511)	(421)
Share of profit of a jointly-controlled entity	31	52	-	-	-	-	-	-	31	52
Loss before tax									(85)	(6,576)
Tax									-	-
Loss for the period									<u>(85)</u>	<u>(6,576)</u>

3. FINANCE COSTS

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	504	410
Interest on finance leases	7	11
	<u>511</u>	<u>421</u>

4. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Recognition of prepaid land lease payments	40	40
Deficit/(surplus) arising from revaluation of buildings	8	(19)
Waive of amount due to a minority shareholder	(1,430)	–
Fair value gains on investment properties	(1,100)	–
Impairment of amounts due from associates	–	950
Gain on disposal of associates	(39)	–
	<u>(39)</u>	<u>–</u>

5. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2006: Nil).

There was no share of tax attributable to a jointly-controlled entity during the period (2006: Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the unaudited loss for the period attributable to ordinary equity holders of the parent of approximately HK\$275,000 (2006: HK\$6,508,000), and the 360,321,620 ordinary shares of the Company in issue during the period.

Diluted loss per share amounts for the periods ended 30 September 2007 and 2006 have not been disclosed as no diluting events existed during the periods.

7. DIVIDEND

At a meeting of the Board held on 19 December 2007, the directors resolved not to pay any interim dividend to shareholders (2006: Nil). Accordingly, no closure of Register of Members of the Company is proposed.

8. TRADE RECEIVABLES

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

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within 3 months	546	170
4 to 6 months	39	23
Total	<u>585</u>	<u>193</u>

The Group's trading terms with customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with 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 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.

9. TRADE PAYABLES

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

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within 3 months	5,692	4,519
Over 3 months	19	6
Total	<u>5,711</u>	<u>4,525</u>

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

RESULTS

The Group's unaudited consolidated revenue for the first half of the financial year was HK\$116,831,000 (2006: HK\$78,813,000), and the unaudited consolidated loss attributable to ordinary equity holders of the parent was HK\$275,000 (2006: loss of HK\$6,508,000). The Board has resolved not to pay any interim dividend to shareholders (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The earnings for this first half year were affected as the hotel project commenced operation in early June 2007. Besides, the restaurant opened in MegaBox Shopping Mall in Kowloon Bay, also commenced operation in June 2007 with encouraging business growth.

The Group continued to control its operating costs and monitor changes of market prices. Despite the surge in food prices, the implementation of the central purchase policies greatly helped each of the Group's restaurants lower their operating costs. The gross profit margin for the period remained at 65%, which approximates that of last year. At present, the Group has adequate cash without any liquidity problem.

As the business of the restaurants under the Group's associates, the “有骨氣” brand, was unable to achieve the targets set by the Group, the Group sold all the equity interests in the operation to independent third parties and its other shareholders in August and September respectively this year.

Liquidity and Financial Resources

As at 30 September 2007, the Group's liquidity and financial resources comprised bank and other borrowings of approximately HK\$13,210,000 (31 March 2007: HK\$14,184,000), which were secured by mortgages over some properties.

As at 30 September 2007, the Group had cash and cash equivalents of approximately HK\$19,845,000, the majority of which are the non-pledged time deposits with original maturity of three months or less when acquired. In addition, the shareholders' equity was HK\$82,435,000 (31 March 2007: HK\$87,589,000). At the balance sheet date, the ratio of non-current liabilities to shareholders' equity was 0.15 (31 March 2007: 0.14).

The Group's bank and other borrowings, bank balances and cash 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 significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 30 September 2007, the Group had 520 employees, the remuneration packages of whom are being reviewed annually with reference to the prevailing market condition.

For the six months ended 30 September 2007, the Group did not establish any share option scheme for its staff.

OUTLOOK

In view of the recent sustainable growth in Hong Kong economy, the apparently increasing trend of per capita income and the improving consumer sentiment in Hong Kong, the Group will therefore focus on strengthening the market promotion for each of its restaurants. The Group believes that the restaurant operation will generate remarkable operating income for the second half year.

The Group has great confidence in the business growth of the newly opened restaurants. The Group expects to achieve stable growth in overall business. The interest expense will reduce further as the market rates are in the downtrend, and it is expected that such positive factor will be constructive for the Group's earnings.

Apart from continuing to improve the restaurant service and uphold the customer-oriented approach, the Group will offer more quality value-added services so as to reward the long term support from its customers. Meanwhile, in order to cope with the fast changing market conditions, the Group will adjust its marketing strategy from time to time. The Board firmly believes that maintaining competitive strengths will facilitate the Group to grasp a larger market share in the future.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2007.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the interim report for the six months ended 30 September 2007, 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.

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 purpose 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 unaudited interim financial statements for the six months ended 30 September 2007 have been reviewed by the Audit Committee.

On behalf of the Board
Chan Shu Kit
Chairman

Hong Kong, 19 December 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 executive directors, and Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung as independent non-executive directors.