



TACK HSIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

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 2008, 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 2008

		For the six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$’000	HK\$’000
REVENUE	2	124,637	116,831
Other income and gains		2,627	2,943
Cost of inventories used		(43,803)	(40,455)
Staff costs		(37,859)	(35,732)
Rental expenses		(15,506)	(13,378)
Utilities expenses		(10,755)	(10,413)
Depreciation		(2,605)	(2,475)
Other operating expenses		(17,206)	(16,926)
Finance costs	3	(239)	(511)
Share of profit of a jointly-controlled entity		—	31
LOSS BEFORE TAX	4	(709)	(85)
Tax	5	(300)	—
LOSS FOR THE PERIOD		(1,009)	(85)
Attributable to:			
Equity holders of the parent		(1,057)	(275)
Minority interests		48	190
		(1,009)	(85)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC	6	(0.29 cents)	(0.08 cents)
DIVIDEND	7	3,603	—

CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2008

		30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		28,687	23,146
Investment properties		25,000	25,000
Prepaid land lease payments		7,326	4,845
Property held for development		4,665	4,665
Deferred tax assets, net		1,783	2,083
Total non-current assets		67,461	59,739
CURRENT ASSETS			
Inventories		7,817	6,255
Trade receivables	8	803	484
Prepayments, deposits and other receivables		15,613	13,712
Cash and cash equivalents		33,097	51,484
Total current assets		57,330	71,935
CURRENT LIABILITIES			
Trade payables	9	5,959	5,134
Other payables and accruals		19,782	18,577
Interest-bearing bank borrowings		521	509
Provision for long service payments		2,493	1,256
Dividend payable		3,620	–
Total current liabilities		32,375	25,476
NET CURRENT ASSETS		24,955	46,459
TOTAL ASSETS LESS CURRENT LIABILITIES		92,416	106,198
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		9,971	10,235
Total non-current liabilities		9,971	10,235
Net assets		82,445	95,963
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		36,032	36,032
Reserves		46,059	50,617
Proposed final dividend		–	9,008
		82,091	95,657
Minority interests		354	306
Total equity		82,445	95,963

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 2008, 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:

HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

The adoption of the above new and revised HKFRSs has no material impact on the Group’s results of operations and financial position.

2. SEGMENT INFORMATION

The Group’s operating businesses 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 2008 and 2007.

	Restaurant		Hotel		Property		Corporate		Consolidated	
	2008 (Unaudited) HK\$’000	2007 (Unaudited) HK\$’000	2008 (Unaudited) HK\$’000	2007 (Unaudited) HK\$’000	2008 (Unaudited) HK\$’000	2007 (Unaudited) HK\$’000	2008 (Unaudited) HK\$’000	2007 (Unaudited) HK\$’000	2008 (Unaudited) HK\$’000	2007 (Unaudited) HK\$’000
Segment revenue:										
Revenue	120,929	115,498	3,306	917	402	416	-	-	124,637	116,831
Other income and gains	998	122	58	-	1,350	2,530	-	-	2,406	2,652
Total	<u>121,927</u>	<u>115,620</u>	<u>3,364</u>	<u>917</u>	<u>1,752</u>	<u>2,946</u>	<u>-</u>	<u>-</u>	<u>127,043</u>	<u>119,483</u>
Segment results	<u>3,951</u>	<u>4,607</u>	<u>343</u>	<u>(1,841)</u>	<u>1,225</u>	<u>2,684</u>	<u>(6,210)</u>	<u>(5,346)</u>	<u>(691)</u>	<u>104</u>
Interest income									221	291
Finance costs									(239)	(511)
Share of profit of a jointly-controlled entity	-	31	-	-	-	-	-	-	-	31
Loss before tax									(709)	(85)
Tax									(300)	-
Loss for the period									<u>(1,009)</u>	<u>(85)</u>

3. FINANCE COSTS

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	239	504
Interest on finance leases	—	7
	<u>239</u>	<u>511</u>

4. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Recognition of prepaid land lease payments	51	40
Deficit arising from revaluation of buildings	11	8
Write back of deposits for disposal of property held for development	(1,350)	—
Write back of an amount due to a minority shareholder	—	(1,430)
Fair value gains on investment properties	—	(1,100)
Gain on disposal of associates	—	(39)
	<u>—</u>	<u>(1,491)</u>

5. TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made in prior period as the Group did not generate any assessable profits arising in Hong Kong during prior period.

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Deferred	<u>300</u>	<u>—</u>

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\$1,057,000 (2007: HK\$275,000), 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 2008 and 2007 have not been disclosed as no diluting events existed during the periods.

7. DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent (2007: Nil) per ordinary share in issue in respect of the six months ended 30 September 2008 payable on 19 January 2009 to shareholders whose names are on the Register of Members of the Company on 6 January 2009.

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 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 3 months	734	441
4 to 6 months	21	43
7 to 12 months	<u>48</u>	<u>–</u>
Total	<u>803</u>	<u>484</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 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 3 months	5,959	5,131
Over 3 months	<u>–</u>	<u>3</u>
Total	<u>5,959</u>	<u>5,134</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\$124,637,000 (2007: HK\$116,831,000), and the unaudited consolidated loss attributable to ordinary equity holders of the parent was HK\$1,057,000 (2007: loss of HK\$275,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

Our new restaurant located on the 1st floor of Golden Centre, Yen Chow Street, Sham Shui Po commenced operation in late August 2008, providing famous Tack Hsin cuisine and special hotpots for customers in the district. The restaurant reported satisfactory results after several months of operation.

Our Macau Restaurant at Parkes Street, Yau Ma Tei was closed in September upon expiry of the lease, and the property was returned to the landlord after satisfactory fulfilment of the terms and conditions under the lease in late September 2008.

On the other hand, the relevant transaction for the disposal of the land in Lantau Island located at Lot Nos. 2902, 2903, 2904, 2905, 2906 and 2908 in Tung Chung Demarcation District No. 1, Tung Chung, Lantau Island, New Territories at a consideration of HK\$13,500,000 was not completed due to the purchaser's default in making the payment of the balance of the purchase price on the completion date as stipulated in the sales and purchase agreement, and therefore the purchaser was unable to complete the purchase of the property on or before 26 August 2008 pursuant to the terms and conditions set out in the sales and purchase agreement. Please refer to the announcement dated 26 August 2008 for details.

Due to the continuous adjustments in food prices, cost control was inevitably affected, however, the Group will closely monitor the movement of prices in the market. As compared with the corresponding period of last year, despite our gross profit margin declined by 0.5 percent, our overall gross profit margin remained at 64%.

At present, the Group has adequate cash without any liquidity problem.

Liquidity and Financial Resources

As at 30 September 2008, the Group's liquidity and financial resources comprised a floating rate bank loan of HK\$10,492,000 (31 March 2008: HK\$10,744,000), which was secured by the pledge over certain properties, among which HK\$521,000 is due within a year (31 March 2008: HK\$509,000), HK\$2,334,000 is due within 2-5 years (31 March 2008: HK\$2,283,000), and HK\$7,637,000 is due after 5 years (31 March 2008: HK\$7,952,000). As at 30 September 2008, the Group had cash and cash equivalents of approximately HK\$33,097,000, the majority of which are non-pledged deposits with original maturity of three months or less when acquired. In addition, the shareholders' equity was HK\$82,445,000 (31 March 2008: HK\$95,963,000). At the balance sheet date, the ratio of non-current liabilities to shareholders' equity was 0.12 (31 March 2008: 0.11).

The Group's bank borrowings, bank deposits and cash are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk. The Group has not used any financial instrument for hedging purpose.

Contingent Liabilities

At the balance sheet date, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 30 September 2008, the Group had 594 employees, the remuneration packages of whom are being reviewed annually with reference to the prevailing market condition.

For the six months ended 30 September 2008, the Group did not establish any share option scheme for its staff.

OUTLOOK

Under the immense impact of the recent financial crisis, we believe that the restaurant sector will be affected inevitably and we are not in a position to predict or estimate the scale of such impact, but have to wait until the domestic economic adjustments are eventually over. The Group will from time to time adjust its market strategy in response to the fluctuations in the market in an attempt to provide more versatile value-added services to our customers, and meanwhile, we will also intensify our marketing promotions. The management will do its best to maintain a stable operating income.

While the Board is aware that various economic predicaments will continue to emerge in the market, it remains optimistic towards our perspective of business growth.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 2 January 2009 to Tuesday, 6 January 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Tricor 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 Wednesday, 31 December 2008.

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 2008.

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 of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the interim report for the six months ended 30 September 2008, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Having made specific enquiry on all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

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 report for the six months ended 30 September 2008 have been reviewed by the Audit Committee.

On behalf of the Board
Chan Shu Kit
Chairman

Hong Kong, 12 December 2008

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.