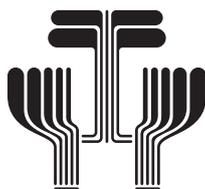


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TACK HSIN HOLDINGS LIMITED

(德興集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

SUMMARY

- During the six months, the Group's turnover amounted to HK\$136,008,000, representing a 1.2% decrease.
- During the six months, the Group's core business recorded a loss after tax of HK\$14,956,000.
- Profit for the period amounted to HK\$164,343,000, including fair value gains on derivative financial instruments of HK\$179,299,000.
- Increasing Hong Kong market share and developing domestic emerging market.

The board of directors (the "Board") of Tack Hsin Holdings Limited (德興集團有限公司)* (the "Company") is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2011, 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 STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		For the six months ended	
		30 September	
		2011	2010
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	2	136,008	137,640
Other income and gains		1,773	913
Fair value gains on derivative financial instruments, net		179,299	71,903
Cost of sales		(43,690)	(46,886)
Staff costs		(42,974)	(39,649)
Rental expenses		(20,334)	(15,644)
Utilities expenses		(10,540)	(11,239)
Depreciation		(3,617)	(3,247)
Other operating expenses		(27,135)	(21,561)
Finance costs	3	(4,573)	(852)
Share of result of an associate		(641)	–
Profit before taxation	4	163,576	71,378
Income tax credit/(expense)	5	767	(663)
Profit for the period		164,343	70,715
Other comprehensive income for the period, net of tax			
(Loss)/gain on property revaluation		(195)	19
Share of other comprehensive loss of an associate		(201)	–
Total comprehensive income for the period		163,947	70,734
Profit for the period attributable to:			
Owners of the Company		164,136	69,730
Non-controlling interests		207	985
		164,343	70,715

		For the six months ended	
		30 September	
		2011	2010
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Total comprehensive income attributable to:			
Owners of the Company		163,740	69,749
Non-controlling interests		207	985
		<u>163,947</u>	<u>70,734</u>
Earnings/(losses) per share attributable to owners of the Company			
Basic (HK cents per share)	6	<u>28.93</u>	<u>19.19</u>
Diluted (HK cents per share)	6	<u>(1.48)</u>	<u>(0.22)</u>
Dividend	7	<u>-</u>	<u>-</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	23,411	20,981
Investment properties		28,000	29,500
Prepaid land lease payments		7,023	7,073
Available-for-sale investment		500	500
Prepayment for acquisition of property, plant and equipment		–	1,253
Goodwill	9	105,440	–
Interest in an associate	10	93,637	–
Deferred tax assets, net		2,656	1,620
		<u>260,667</u>	<u>60,927</u>
Current assets			
Inventories		11,879	3,905
Trade receivables	11	1,378	969
Prepayments, deposits and other receivables		19,568	16,544
Tax recoverable		313	516
Cash and cash equivalents		236,004	336,720
		<u>269,142</u>	<u>358,654</u>
Less: Current liabilities			
Trade payables	12	6,404	5,641
Other payables and accruals		20,006	20,622
Provision for long service payments		1,656	1,060
Derivative financial instruments	14	804,872	903,377
		<u>832,938</u>	<u>930,700</u>
Net current liabilities		<u>(563,796)</u>	<u>(572,046)</u>
Total assets less current liabilities		<u>(303,129)</u>	<u>(511,119)</u>

		30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
	<i>Notes</i>		
Less: Non-current liabilities			
Convertible bonds	13	222,703	178,924
Receipt in advance		250	–
Deferred tax liabilities, net		79	65
		<u>223,032</u>	<u>178,989</u>
Net liabilities		<u>(526,161)</u>	<u>(690,108)</u>
Capital and reserves			
Share capital		56,732	56,732
Reserves		<u>(585,739)</u>	<u>(749,479)</u>
Equity attributable to owners of the Company		(529,007)	(692,747)
Non-controlling interests		<u>2,846</u>	<u>2,639</u>
Total equity		<u>(526,161)</u>	<u>(690,108)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2011 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2011 have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2011 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011, and in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by the HKICPA.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2011.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs had no material effect on unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ³
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (Amendments) (as revised in 2011)	Employee Benefits ⁴
HKAS 27 (as revised in 2011)	Separate Financial Statements ⁴
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ⁴
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

2. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provided. 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 2011 and 2010.

	Restaurant (Unaudited) <i>HK\$'000</i>	Property (Unaudited) <i>HK\$'000</i>	Hotel (Unaudited) <i>HK\$'000</i>	Corporate (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Six months ended					
30 September 2011					
Segment revenue:					
Sales to external customers	124,036	238	11,734	–	136,008
Intersegment sales	–	9,846	–	4,001	13,847
Other income and gains	922	–	160	286	1,368
Intersegment other income and gains	–	–	–	894	894
	<u>124,958</u>	<u>10,084</u>	<u>11,894</u>	<u>5,181</u>	<u>152,117</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					(13,847)
Elimination of intersegment other income and gains					<u>(894)</u>
Total					<u><u>137,376</u></u>
Segment results	(5,608)	(1,316)	3,496	(7,486)	(10,914)
<i>Reconciliation:</i>					
Interest income and unallocated gains					405
Imputed interest on convertible bonds					(4,573)
Fair value gains on derivative financial instruments					179,299
Share of result of an associate					<u>(641)</u>
Profit before taxation					<u><u>163,576</u></u>
At 30 September 2011					
Segment assets	54,932	44,154	8,564	219,926	327,576
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>202,233</u>
Total assets					<u><u>529,809</u></u>
Segment liabilities	19,580	1,059	5,803	1,624	28,066
<i>Reconciliation:</i>					
Unallocated liabilities					<u>1,027,904</u>
Total liabilities					<u><u>1,055,970</u></u>

	Restaurant (Unaudited) HK\$'000	Property (Unaudited) HK\$'000	Hotel (Unaudited) HK\$'000	Corporate (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 September 2010					
Segment revenue:					
Sales to external customers	128,394	427	8,819	–	137,640
Intersegment sales	–	8,918	–	3,993	12,911
Other income and gains	423	15	100	237	775
Intersegment other income and gains	–	–	–	1,137	1,137
	<u>128,817</u>	<u>9,360</u>	<u>8,919</u>	<u>5,367</u>	<u>152,463</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					(12,911)
Elimination of intersegment other income and gains					<u>(1,137)</u>
Total					<u><u>138,415</u></u>
Segment results	6,575	570	768	(7,724)	189
<i>Reconciliation:</i>					
Interest income and unallocated gains					138
Imputed interest on convertible bonds					(852)
Fair value gains on derivative financial instruments					<u>71,903</u>
Profit before taxation					<u><u>71,378</u></u>
At 31 March 2011					
Segment assets	44,811	45,944	9,355	317,335	417,445
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>2,136</u>
Total assets					<u><u>419,581</u></u>
Segment liabilities	17,543	1,272	5,646	2,862	27,323
<i>Reconciliation:</i>					
Unallocated liabilities					<u>1,082,366</u>
Total liabilities					<u><u>1,109,689</u></u>

3. FINANCE COSTS

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Imputed interest on convertible bonds (<i>Note 13</i>)	<u>4,573</u>	<u>852</u>

4. PROFIT BEFORE TAXATION

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

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of prepaid land lease payments	50	50
Surplus arising from revaluation of buildings	–	(15)
Fair value loss on investments properties	<u>1,500</u>	<u>–</u>

5. INCOME TAX (CREDIT)/EXPENSE

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.

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Charged for the period	255	771
Deferred tax	<u>(1,022)</u>	<u>(108)</u>
Total tax (credit)/charge for the period	<u>(767)</u>	<u>663</u>

6. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the unaudited profit for the six months ended 30 September 2011 attributable to owners of the Company of approximately HK\$164,136,000 (six months ended 30 September 2010: HK\$69,730,000), and the weighted average number of ordinary shares of 567,321,620 (six months ended 30 September 2010: 363,321,620) in issue during the six months ended 30 September 2011.

The calculation of diluted losses per share is based on the unaudited profit for the period attributable to owners of the Company, adjusted to reflect the imputed interest on the convertible bonds and fair value gains on derivative financial instruments, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, adjusted to reflect the effect on ordinary shares deemed to be issued at no consideration if all dilutive potential ordinary shares have been exercised or converted into ordinary shares during the six months ended 30 September 2011.

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Unaudited profit attributable to owners of the Company, used in the basic earnings per share calculation	164,136	69,730
Imputed interest expense for the period relating to the liabilities component of the dilutive convertible bonds	3,394	852
Less: Fair value gain on the derivative financial instruments	<u>(181,980)</u>	<u>(71,903)</u>
Unaudited loss attributable to owners of the Company, used in the diluted losses per share calculation	<u>(14,450)</u>	<u>(1,321)</u>

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	Number	Number
	of shares	of shares
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	567,321,620	363,321,620
Effect of dilution-weighted average number of ordinary shares:		
Warrants	74,473,509	15,811,993
Convertible bonds	332,029,640	76,077,480
Forward contract	<u>–</u>	<u>140,056,714</u>
Weighted average number of ordinary shares, used in diluted losses per share calculation	<u>973,824,769</u>	<u>595,267,807</u>

The Company's outstanding zero coupon convertible bonds with principal amount of HK\$120,000,000 issued on 1 September 2011 were not included in the calculation of diluted losses per share because the effects of the aforesaid outstanding convertible bonds were anti-dilutive.

7. DIVIDEND

The Board has resolved not to declare interim dividend (2010: nil) in respect of the six months ended 30 September 2011.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2011, the Group incurred approximately HK\$6,242,000 (six months ended 30 September 2010: HK\$149,000) on the acquisition of property, plant and equipment.

9. GOODWILL

Movement of goodwill during the period is as follows:

	2011 (Unaudited) HK\$'000
Cost:	
At 1 April 2011	–
Acquisition of subsidiaries (<i>note 15</i>)	<u>105,440</u>
At 30 September 2011	<u>105,440</u>
Impairment:	
At 1 April 2011 and 30 September 2011	<u>–</u>
Carrying amount:	
At 30 September 2011	<u><u>105,440</u></u>
At 31 March 2011	<u><u>–</u></u>

During the six months ended 30 September 2011, the Group completed the acquisition of Well Link Capital Limited (“Well Link”). Details of the acquisition were set out in note 15.

For the purpose of impairment testing, goodwill has been allocated to individual cash-generating units which is determined based on related segment. The carrying amount of goodwill (net of impairment losses) as at 30 September 2011 is all regarded as corporate and other unallocated assets in operating segment.

As at 30 September 2011, with regard to the current market situation, the directors of the Company reviewed the carrying amount of goodwill arising from the acquisition of subsidiaries. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budget covering five years approved by senior management. The discount rate applied to the cash flow projections is 13.67% per annum.

10. INTEREST IN AN ASSOCIATE

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Cost of investment in an associate	94,479	–
Share of post-acquisition loss and other comprehensive loss, net of dividends received	<u>(842)</u>	<u>–</u>
	<u><u>93,637</u></u>	<u><u>–</u></u>

Notes:

(a) The summarised financial information in respect of the Group's associate is set out below:

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Total assets	458,960	–
Total liabilities	(84,411)	–
Net assets	374,549	–
The Group's share of net assets of an associate	93,637	–
	For the six months ended	
	30 September 2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Turnover	4,202	–
Loss for the period	(2,562)	–
The Group's share of result of an associate for the period	(641)	–
The Group's share of other comprehensive loss of an associate for the period	(201)	–

Turnover and loss for the period of the associate of approximately HK\$4,202,000 and HK\$2,562,000 respectively represents the turnover and loss for the period from the date of acquisition of Well Link, which indirectly held 25% equity interest in the associate, on 1 September 2011 by the Company, and up to 30 September 2011.

(b) Particulars of the Group's interest in an associate as at 30 September 2011 are as follows:

Company name	Place and date of registration and operation	Issued and paid-in/ registered capital	Percentage of equity attributable to the Group	Principal activities
江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC) ("China Nuclear Libert")	The People's Republic of China (the "PRC")/ 20 October 2006	RMB289,091,118	Indirect: 25%	Manufacturing and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas

(c) On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire 100% of the entire issued share capital of Well Link at a total consideration of HK\$200,000,000. The acquisition was completed on 1 September 2011. The principal activity of Well Link was 25% equity investment in China Nuclear Libert. Details of the acquisition were set out in note 15.

11. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Within 3 months	<u>1,378</u>	<u>969</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. The Group does not hold any collateral or other credit enhancements over these balances.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Within 3 months	<u>6,404</u>	<u>5,641</u>

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

13. CONVERTIBLE BONDS

- (a) On 16 November 2009, the Company issued zero coupon convertible bonds in the principal amount of HK\$80,000,000 ("Convertible Bonds 1") for cash to an independent third party. The Convertible Bonds 1 are convertible at the option of the bondholder into the Company's ordinary shares of HK\$0.10 each at a conversion price of HK\$0.40 per share from the end of the three-month period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 1 not converted will be redeemed by the Company on 16 November 2012. During the year ended 31 March 2011, Convertible Bonds 1 was fully converted.
- (b) On 17 March 2011, the Company issued zero coupon convertible bonds in the principal amount of HK\$200,000,000 ("Convertible Bonds 2") for cash to an independent third party. The Convertible Bonds 2 are convertible at the option of the bondholder into the Company's ordinary shares of HK\$0.10 each at a conversion price of HK\$0.50 per share from the end of the three-month period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 2 not converted will be redeemed by the Company on 17 March 2014. During the six months ended 30 September 2011, no Convertible Bonds 2 were converted or redeemed.
- (c) On 1 September 2011, the Company issued zero coupon convertible bonds in the principal amount of HK\$120,000,000 ("Convertible Bonds 3") to an independent third party as part of consideration for acquisition of subsidiaries. The Convertible Bonds 3 are convertible at the option of the bondholder into the Company's ordinary shares of HK\$0.10 each at a conversion price of HK\$1.20 per share from the end of the first anniversary period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 3 not converted, cancelled, purchased or otherwise acquired will be redeemed by the Company on 1 September 2014. During the six months ended 30 September 2011, no Convertible Bonds 3 were converted or redeemed.

The conversion option of the Convertible Bonds 2 and Convertible Bonds 3 exhibits characteristics of an embedded derivative and is separated from the liability components. On initial recognition, the fair value of the liability component of the Convertible Bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option or other embedded derivative. The embedded derivative component is measured at fair value and presented as a derivative financial instrument. At each reporting date, the embedded derivative component is remeasured and the change in fair value of that component is recognised in the consolidated statement of comprehensive income.

The Convertible Bonds 2 and Convertible Bonds 3 issued have been split as to the embedded derivative and the liability components as follows:

	Convertible Bonds 2 (Unaudited) HK\$'000	Convertible Bonds 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Liability component			
At 1 April 2011	178,924	–	178,924
Issue of convertible bonds during the period	–	39,206	39,206
Imputed interest expense (<i>note 3</i>)	3,394	1,179	4,573
	<u>182,318</u>	<u>40,385</u>	<u>222,703</u>
At 30 September 2011	<u>182,318</u>	<u>40,385</u>	<u>222,703</u>
Derivative component			
At 1 April 2011	624,282	–	624,282
Issue of convertible bonds during the period	–	80,794	80,794
Fair value (gain)/loss on derivative financial instruments	(64,581)	2,681	(61,900)
	<u>559,701</u>	<u>83,475</u>	<u>643,176</u>
At 30 September 2011	<u>559,701</u>	<u>83,475</u>	<u>643,176</u>

14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Warrants (a)	161,696	279,095
Embedded derivatives of convertible bonds (<i>note 13</i>)	643,176	624,282
	<u>804,872</u>	<u>903,377</u>

- (a) On 19 October 2009, the Company issued 72,000,000 warrants at HK\$0.02 each to certain independent third parties. Each warrant carries the right to subscribe for one ordinary share at HK\$0.90 per share for the period of three years commencing from 19 October 2009. The subscription price was adjusted to HK\$0.62 each from 17 March 2011. Any warrant rights not exercised will be expired on 18 October 2012.

Movement of warrants during the period is as follows:

	2011 (Unaudited) HK\$'000
At 1 April 2011	279,095
Fair value gain on warrants	(117,399)
	<hr/>
At 30 September 2011	161,696
	<hr/> <hr/>

15. ACQUISITION OF SUBSIDIARIES

On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire the entire issued share capital of Well Link Capital Limited at a total consideration of HK\$200,000,000. The acquisition was completed on 1 September 2011.

The assets acquired in the transaction are as follows:

	Fair values of identifiable assets of acquiree (Unaudited) HK\$'000
Net assets acquired:	
Interest in an associate	94,479
Cash and cash equivalents	81
	<hr/>
	94,560
Goodwill arising on acquisition (<i>note 9</i>)	105,440
	<hr/>
	200,000
	<hr/> <hr/>
Total consideration satisfied by:	
Cash consideration paid	80,000
Issuance of convertible bonds	120,000
	<hr/>
	200,000
	<hr/> <hr/>
Net cash outflow arising on acquisition:	
Cash consideration	(80,000)
Cash and cash equivalents acquired	81
	<hr/>
	(79,919)
	<hr/> <hr/>

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Company and the Group had no contingent liabilities not provided for in these financial statements (31 March 2011: nil).

17. EVENTS AFTER THE REPORTING PERIOD

- (a) On 10 October 2011, the Company and the holders of the Convertible Bonds 2 entered into an amended agreement which agreed to amend certain terms and conditions in the Convertible Bonds 2, subject to fulfillment of certain conditions. Details of the amendments and condition precedents were set out in the Company's announcement dated 28 October 2011 and circular dated 16 November 2011.
- (b) On 28 October 2011, China He Investment (Hong Kong) Limited ("China He Investment HK"), a party acting in concert (as defined in the Code of Takeovers and Mergers of Hong Kong (the "Takeovers Code")) with China Nuclear Industry 23 Construction (Hong Kong) Limited ("CNI 23 HK"), which holds part of the Convertible Bonds 2 in the principal amount of HK\$50,000,000, has indicated to the Company its intention to exercise the conversion rights attaching to the portion of the Convertible Bonds 2 held by it in full after the proposed amendments as mentioned in note 17(a) above having become effective and at the same time when CNI 23 HK exercises the conversion rights attaching to the portion of the Convertible Bonds 2 held by CNI 23 HK in full. Upon exercise of the conversion rights attaching to the Convertible Bonds 2 held by CNI 23 HK and China He Investment HK in full, CNI 23 HK and China He Investment HK will be interested in 300,000,000 and 100,000,000 shares of the Company, respectively, representing approximately 31.01% and 10.34% of the issued share capital of the Company as enlarged by the issue and allotment of the conversion shares pursuant to the exercise in full of the conversion rights attaching to the Convertible Bonds 2 (assuming no exercise of the subscription rights attaching to the outstanding warrants).

Pursuant to the Takeovers Code, CNI 23 HK is required to make (i) a conditional mandatory cash offer to acquire all the issued shares of the Company (other than those shares already owned by or agreed to be acquired by CNI 23 HK and parties acting in concert (as defined in the Takeovers Code) with it at the time when the a conditional mandatory cash offer to acquire all the issued shares of the Company is made), (ii) a conditional mandatory cash offer to the warrant holders for cancellation of all outstanding warrants (other than those already owned by or to be acquired by CNI 23 HK and parties acting in concert with it) and (iii) a conditional mandatory cash offer to the holders of the Convertible Bonds 3 for all the outstanding Convertible Bonds 3 (other than those already owned by or to be acquired by CNI 23 HK and parties acting in concert with it) pursuant to the Takeovers Code.

Details of the above conditional mandatory cash offers and the proposed amendments were set out in the Company's announcements dated 28 October 2011 and 18 November 2011.

RESULTS

The Group's consolidated revenue for the six months ended 30 September 2011 was HK\$136,008,000, representing a decrease of HK\$1,632,000 compared to the revenue of HK\$137,640,000 recorded in last year. Consolidated profit attributable to equity holders of the parent was HK\$164,136,000 (2010: profit of HK\$69,730,000). Basic earnings per share was HK28.93 cents (2010: basic earnings per share of HK19.19 cents).

The significant profit for the current year was due to the recognition of the following derivative financial instruments: (1) the warrants issued on 19 October 2009 (the "Warrants"); (2) zero coupon rate unsecured redeemable convertible bonds in the principal amount of HK\$200,000,000 (the "2011 CBs") issued pursuant to the subscription agreement dated 20 January 2010 and the convertible bonds issued by the Company due to the settlement of the subscription agreement on 17 March 2011; and (3) zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK\$120,000,000 (the "Acquisition CBs") issued on 1 September 2011. The relevant derivative financial liabilities and the related profits on changes in fair value are non-cash in nature. In case that the above mentioned outstanding derivative financial instruments are exercised and converted into the Company's ordinary shares, the related financial liabilities will be transferred as part of the share premium in respect of the issuance of the Company's own shares.

In case that the above mentioned outstanding derivative financial instruments are not exercised and converted by the holders of the financial instruments, the financial liabilities will be reversed in the subsequent income statements upon expiration or redemption. As a result, the Company will in no event be obliged to settle any of such financial liabilities by incurring cash payout, except for the required redemption for the 2011 CBs and the Acquisition CBs upon their respective expiration date. Excluding the fair value gains on these derivative financial instruments of HK\$179,299,000, the Group would have recorded a loss for the six months of HK\$14,956,000 from its core business as of 30 September 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of Operations

As domestic consumption market was directly influenced by the continued internal economic growth and the decreased unemployment rate, the Group achieved a stable development in its overall operation regardless of a slightly decrease in its operating income for the first half of the year. The Group's Sunny Day Hotel maintained a growth in its revenue for the first half of the year, with an occupancy rate of 89%, mainly benefiting from continuously increasing visitors.

In the first half of the year, food cost was directly driven up by the upsurging food price. With the diversified purchasing mechanism, food cost was further maintained at a reasonable level, causing a 2% increase in gross profit as compared with that in the corresponding period of previous year, with its overall gross profit margin kept at 68%.

Currently, cash held by the Group is adequate, and hence there is no liquidity problem.

Liquidity and Financial Resources

On 30 September 2011, the Group had cash and cash equivalents of approximately HK\$236,004,000 in total, most of which were unsecured bank deposits, with their original maturities within three months. In addition, the Group had no mortgage loans (31 March 2011: Nil). The deficiency of assets was HK\$526,161,000 (31 March 2011: deficiency of HK\$690,108,000). The ratio of non-current liabilities to shareholders' equity was -0.42 (31 March 2011: -0.26). The decrease in the gearing ratio in 2011 was primarily due to the financial liabilities arising from the above mentioned derivative financial instruments, which currently would not result in significant cash outflow.

The Group's bank loans, balances and cash are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk. And the Group has not used any financial instruments for hedging purpose.

Acquisition of Subsidiaries

On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire the entire issued share capital of Well Link Capital Limited, a company incorporated in the British Virgin Islands, at a total consideration of HK\$200,000,000. Well Link Capital Limited holds 25% equity interests in 江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC.*), a company established in the People's Republic of China. The acquisition was completed on 1 September 2011. Details of the acquisition were set out in the circular of the Company dated 12 August 2011.

Contingent Liabilities

At the end of the reporting period, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 30 September 2011, the Group had 515 employees, the remuneration packages of whom have been reviewed annually with reference to the prevailing market condition.

During the six months ended 30 September 2011, the Group had no share option scheme for its employees.

OUTLOOK

Although Hong Kong may maintain a steady economy, the Group will have to face a fierce market competition in its catering and hotel business. With the aim to secure its leading market position, in addition to focusing on improvement of value added services from time to time, the Group will also promote various types of food, to meet different tastes of its customers, so as to achieve excellent service, and to satisfy its customers.

The Group will actively pay attention to the changing market conditions, allocate and invest resources at proper times and levels for different market conditions, with a view to continuously explore the markets in a stable manner and to lay a solid foundation for future earnings.

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 2011.

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 contained in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report for the six months ended 30 September 2011, 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 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.

With effect from 19 August 2011, Mr. Song Limin has been appointed as an executive director and also Chief Executive Officer of the Company. Mr. Song Limin is primarily responsible for the management of the Group's business in the PRC and Mr. Chan Shu Kit is primarily responsible for the management of the Group's catering and hotel businesses. The role of chairman and chief executive officer is separate and performed by different individuals since the appointment of Mr. Song Limin in relation to the Group's PRC business.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company's Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry on all directors of the Company, they confirmed that they have complied with the Company's Code and 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. Chan Ka Ling, Edmond, Mr. Chang Nan and Dr. Dai Jinping, all are independent non-executive directors of the Company. The unaudited interim report for the six months ended 30 September 2011 has been reviewed by the Audit Committee.

For and on behalf of the Board
Tack Hsin Holdings Limited
(德興集團有限公司)*
Chan Shu Kit
Chairman

Hong Kong, 23 November 2011

As at the date of this announcement, the directors of the Company are: Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Han Naishan, Mr. Lei Jian and Mr. Song Limin, all of whom are executive directors; and Mr. Chan Ka Ling, Edmond, Mr. Chang Nan and Dr. Dai Jinping, all of whom are independent non-executive directors.

* For identification purpose only