TACK HSIN HOLDINGS LIMITED
(德 興 集 團 有 限 公 司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

SUMMARY

- During the twelve months, the Group's turnover amounted to HK$295,835,000, representing a 2.8% increase.
- During the twelve months, the Group's core business recorded a gain after tax of HK$1,779,000.
- Derivative financial liabilities and the related loss on changes in fair value amounted to HK$890,863,000.
- Progressively seeking business opportunities and developing domestic market.

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 2011 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	3	**295,835**	287,826
Other income and gains		**2,769**	15,536
Cost of inventories used		**(93,728)**	(90,138)
Staff costs		**(83,099)**	(81,810)
Rental expenses		**(38,082)**	(36,912)
Utility expenses		**(21,974)**	(22,138)
Depreciation		**(6,630)**	(7,147)
Other operating expenses		**(48,638)**	(40,156)
Fair value losses on derivative financial instruments, net		**(890,863)**	(591,849)
Finance costs	4	**(3,053)**	(3,143)
LOSS BEFORE TAX	5	**(887,463)**	(569,931)
Income tax expense	6	**(1,621)**	(3,459)
LOSS FOR THE YEAR		**(889,084)**	(573,390)
Attributable to:			
Owners of the parent		**(890,647)**	(574,902)
Non-controlling interest		**1,563**	1,512
		(889,084)	(573,390)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT BASIC AND DILUTED	8	**(HK$2.35)**	(HK$1.59)

Details of the dividends payable are disclosed in note 7 below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**20,981**	26,608
Investment properties		**29,500**	29,000
Prepaid land lease payments		**7,073**	7,174
Available-for-sale investment		**500**	–
Prepayment for acquisition of property, plant and equipment		**1,253**	–
Deferred tax assets, net		**1,620**	1,291
Total non-current assets		**60,927**	64,073
CURRENT ASSETS			
Inventories		**3,905**	2,540
Trade receivables	9	**969**	1,359
Prepayments, deposits and other receivables		**16,544**	16,160
Tax recoverable		**516**	–
Cash and bank equivalents		**336,720**	125,579
Total current assets		**358,654**	145,638
CURRENT LIABILITIES			
Trade payables	10	**5,641**	5,964
Other payables and accruals		**20,622**	14,634
Provision for long service payments		**1,060**	1,333
Derivative financial instruments		**903,377**	603,306
Tax payable		**–**	1,922
Total current liabilities		**930,700**	627,159
NET CURRENT LIABILITIES		**(572,046)**	(481,521)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(511,119)**	(417,448)
NON-CURRENT LIABILITIES			
Convertible bonds		**178,924**	69,201
Deferred tax liabilities, net		**65**	175
Total non-current liabilities		**178,989**	69,376
Net liabilities		**(690,108)**	(486,824)
DEFICIENCY IN ASSETS			
Equity attributable to owners of the parent			
Issued capital		**56,732**	36,332
Reserves		**(749,479)**	(526,192)
		(692,747)	(489,860)
Non-controlling interest		**2,639**	3,036
Total deficiency in assets		**(690,108)**	(486,824)

Notes:

1. **Basis of preparation**

The consolidated financial statements have been prepared under the going concern concept notwithstanding the loss for the year ended 31 March 2011 of HK$889,084,000 and the net liabilities of the Group and the Company as at 31 March 2011 of HK690,108,000 and HK$690,585,000, respectively.

The Group recorded significant loss for the current year and net liabilities as at 31 March 2011 due to the recognition of the following derivative financial instruments:

- the Company recorded a financial liability of HK$279,095,000 as at 31 March 2011 and a loss on fair value change of HK$196,622,000 for the year then ended in respect of the outstanding warrants.

- the Company recorded a loss on fair value change of HK$378,742,000 for the year ended 31 March 2011 in respect of the embedded derivative financial instrument of the HK$80,000,000 convertible bonds which was converted into the ordinary shares of the Company during the year.

- the Company recorded a loss on fair value change of HK$321,816,000 for the year ended 31 March 2011 in respect of the forward contract for the issuance of convertible bonds which was settled when the HK$200,000,000 convertible bonds were issued during the year.

- the Company recorded a financial liability of HK$624,282,000 as at 31 March 2011 and a gain on fair value change of HK$6,317,000 for the year then ended in respect of the embedded derivative financial instrument of the HK$200,000,000 convertible bonds issued during the year.

As a result of the above transactions, the Group recognised in aggregate, derivative financial instruments liabilities of HK$903,377,000 as at 31 March 2011 and fair values losses of HK$890,863,000 for the year then ended.

Despite the significant impact of the derivative financial instruments on the income statement and statement of financial position of the Group, the directors of the Company considered that these derivative financial instruments are non-cash in nature and would not affect the going concern of the Group. 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, 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 such financial liabilities by incurring cash payout or otherwise by using any of its assets. Therefore, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7, and HKAS 17 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

  The Group has reassessed its leases in Hong Kong, previously classified as operating leases, upon the adoption of the amendments and concluded that the classification of these leases remained unchanged.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the restaurant segment comprises the Group's restaurant operations;

(b) the property segment comprises the Group's property investments;

(c) the hotel segment comprises the Group's hotel operations; and

(d) the corporate segment comprises the Group's corporate income and expense items.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, dividend income, fair value losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate assets as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

All of the Group's revenue from external customers is derived from the Group's operations in Hong Kong, and no non-current assets of the Group are located outside Hong Kong.

During the year ended 31 March 2011 and 2010, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 March 2011

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	**275,202**	**853**	**19,780**	**–**	**295,835**
Intersegment sales	**–**	**18,344**	**–**	**11,237**	**29,581**
Other income and gains	**1,232**	**532**	**195**	**237**	**2,196**
Intersegment other income and gains	**–**	**–**	**–**	**1,137**	**1,137**
	276,434	**19,729**	**19,975**	**12,611**	**328,749**
Reconciliation:					
Elimination of intersegment sales					**(29,581)**
Elimination of intersegment other income and gains					**(1,137)**
Total					**298,031**
Segment results	**10,198**	**499**	**3,079**	**(7,896)**	**5,880**
Reconciliation:					
Interest income and unallocated gains					**573**
Imputed interest on convertible bonds					**(3,053)**
Fair value losses on derivative financial instruments					**(890,863)**
Loss before tax					**(887,463)**
Segment assets	**44,811**	**45,944**	**9,355**	**317,335**	**417,445**
Reconciliation:					
Corporate and other unallocated assets					**2,136**
Total assets					**419,581**
Segment liabilities	**17,543**	**1,272**	**5,646**	**2,862**	**27,323**
Reconciliation:					
Unallocated liabilities					**1,082,366**
Total liabilities					**1,109,689**
Other segment information:					
Depreciation	**4,306**	**68**	**1,847**	**409**	**6,630**
Fair value gains on investment properties	**–**	**(500)**	**–**	**–**	**(500)**
Surplus arising from revaluation of buildings recognised directly in the income statement	**–**	**(32)**	**–**	**–**	**(32)**
Capital expenditure	**438**	**–**	**13**	**523**	**974***

* Capital expenditure represents additions to property, plant and equipment.

Year ended 31 March 2010

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	274,294	799	12,733	–	287,826
Intersegment sales	–	17,670	–	11,395	29,065
Other income and gains	875	14,378	240	–	15,493
Intersegment other income and gains	–	–	–	812	812
	275,169	32,847	12,973	12,207	333,196
Reconciliation:					
Elimination of intersegment sales					(29,065)
Elimination of intersegment other income and gains					(812)
Total					303,319
Segment results	14,094	13,357	(2,398)	(35)	25,018
Reconciliation:					
Interest income and unallocated gains					43
Interest on bank loans and overdrafts					(289)
Imputed interest on convertible bonds					(2,854)
Fair value losses on derivative financial instruments					(591,849)
Loss before tax					(569,931)
Segment assets	42,043	45,768	11,495	109,114	208,420
Reconciliation:					
Corporate and other unallocated assets					1,291
Total assets					209,711
Segment liabilities	13,767	1,742	4,458	1,964	21,931
Reconciliation:					
Unallocated liabilities					674,604
Total liabilities					696,535
Other segment information:					
Depreciation	4,602	68	2,167	310	7,147
Fair value gains on investment properties	–	(6,000)	–	–	(6,000)
Surplus arising from revaluation of buildings recognised directly in the income statement	–	(32)	–	–	(32)
Capital expenditure	2,932	–	3,252	1,325	7,509*

* Capital expenditure represents additions to property, plant and equipment.

4. Finance costs

	2011 *HK$'000*	2010 *HK$'000*
Interest on bank loans and overdrafts	**–**	289
Imputed interest on convertible bonds	**3,053**	2,854
	3,053	3,143

5. Loss before tax

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

	2011 *HK$'000*	2010 *HK$'000*
Recognition of prepaid land lease payments	**101**	101
Written off of items of property, plant and equipment	**41**	–

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2011 *HK$'000*	2010 *HK$'000*
Current – Hong Kong		
Charge for the year	**1,832**	2,989
Underprovision in prior year	**228**	–
Deferred	**(439)**	470
Total tax charge for the year	**1,621**	3,459

7. Dividend

The board of directors resolved not to declare any dividend (2010: interim dividend of HK1 cent per ordinary share in issue) in 2011.

8. Loss per share attributable to ordinary equity holders of the parent

The calculation of basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of approximately HK$890,647,000 (2010: HK$574,902,000) and the weighted average number of ordinary shares of 379,410,661 (2010: 361,075,045) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2011 and 2010 in respect of a dilution as the impact of warrants and convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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 end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within three months	**969**	1,359

10. 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:

	2011	2010
	HK$'000	*HK$'000*
Within three months	**5,641**	5,964

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

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 March 2011 (2010: Nil).

Review of Operations

For the year under review, our restaurant and hotel operations substantially remained stable due to robust tourism in Hong Kong driven by individual travelers. In addition, owing to an active retail market and the stable performance of our overall restaurant operation, the business of the Group grew steadily.

Financial Review

The Group's consolidated revenue for the year ended 31 March 2011 was HK$295,835,000, representing an increase of HK$8,009,000 compared to the revenue of HK$287,826,000 recorded in last year. Consolidated loss for the year attributable to equity holders of the parent was HK$890,647,000 (2010: loss of HK$574,902,000). Loss per share was HK$2.35 (2010: HK$1.59). The significant loss for the current year was due to the recognition of derivative financial instruments of: (1) the outstanding warrants issued on 19 October 2009 (the "Warrants"); (2) the issuance of zero coupon convertible bonds with the principal amount of HK$80,000,000 on 16 November 2009 (the "CBs1"), which was converted into ordinary shares of the Company during the year and (3) entering into a subscription agreement to issue zero coupon convertible bonds in the principal amount of HK$200,000,000 (the "CBs2") on 20 January 2010. The Company settled the subscription agreement and issued the CBs2 on 17 March 2011. The relevant derivative financial liabilities and the related losses 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 were 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 or otherwise by using any of its assets. Excluding the fair value losses on these derivatives financial instruments of HK$890,863,000, the Group would have recorded a profit for the year of HK$1,779,000 from its core business for the year ended 31 March 2011.

The restaurants in Hong Kong were affected by imported inflation, thereby directly resulted in a rise in food prices. As a result, our overall gross profit was reduced inevitably. However, our management also monitored food market information from time to time, kept an eye on changes in prices, and adopted immediate measures against changes in food in order to maintain our food quality and to mitigate the pressure resulted from rise in food prices with a view to achieve cost effectiveness from overall gross profit. The gross profit margin of the Group was kept stable at 66% for the year.

Review of Hotel Operation

Since commencing business in June 2010, the operations of two Sunny Day Hotels were directly driven by retail industry and individual travelers. Our operations achieved a result better than expected, with occupancy rates reached above 92% for the year. Meanwhile, it is expected that the hotel operation will provide long-term stable revenue for the Group in the foreseeable future, and the Group will also focus in identifying potential hotel development projects.

Liquidity and Financial Resources

The Group had no mortgage loans as at 31 March 2011 (2010: nil). The deficiency in assets was HK$690,108,000 (2010: HK$486,824,000). The ratio of non-current liabilities to shareholders' equity was minus 0.26 (2010: minus 0.14). The deterioration in the gearing ratio in 2011 was primarily due to the financial liabilities arising from the above mentioned derivative financial instruments, which will not result in significant cash outflow upon their realization.

The Group has adopted the prudent and healthy financial policies and imposed strict control over its cash and risk management. The Group's cash and borrowings 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

As at 31 March 2011, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 March 2011, the Group had 542 employees, the remuneration packages of whom have been reviewed annually with reference to the prevailing market condition.

Outlook

Since the minimum wage has come into effect from 1 May, the Group will integrate its internal resources according to the actual situation of various segments and review its implementation progress from time to time in compliance with actual requirements. We believe that the cost of complying with minimum wage will not cause any significant effect. The Group will continue to grasp new investment opportunities emerging in the future. Even with increasing challenges and competitions at present, the Group remains confident on its outlook, and the management will make efforts to move beyond obstacles and maximize return for its shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 16 August 2011 to Thursday, 18 August 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the annual general meeting to be held on 18 August 2011, 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 Monday, 15 August 2011.

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 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.

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. Chan Ka Ling, Edmond, Mr. Kung Fan Cheong 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 2011 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on Thursday, 18 August 2011, 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, 23 June 2011

As at the date of this announcement, the Board of the Company comprises Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms. Jian Qing and Mr. Chung Chi Shing 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.

* *for identification purposes only*