



TACK HSIN HOLDINGS LIMITED



The board of directors (the "board") of Tack Hsin Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2001 together with comparative figures as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	(Unaudited)	
		For the six months ended 30 September	
		2001	2000
		HK\$'000	HK\$'000
TURNOVER	(2)	158,807	185,926
Other revenue		1,564	1,807
Cost of inventories used		(56,227)	(74,092)
Staff costs		(58,668)	(60,927)
Rental expenses		(11,953)	(10,419)
Utilities expenses		(14,480)	(15,227)
Depreciation and amortisation expenses		(5,592)	(6,079)
Other operating expenses		(24,678)	(28,231)
		<u> </u>	<u> </u>
LOSS FROM OPERATING ACTIVITIES	(2)	(11,227)	(7,242)
Finance costs	(3)	(10,846)	(10,799)
Share of profits/(losses) of:			
Jointly controlled entities		(5)	(140)
Associates		-	644
Provision for an amount due from a jointly controlled entity		(748)	-
Provision for an amount due from an associate		(10,000)	-
		<u> </u>	<u> </u>
LOSS BEFORE TAX		(32,826)	(17,537)
Tax	(4)	(9)	(411)
		<u> </u>	<u> </u>
LOSS BEFORE MINORITY INTERESTS		(32,835)	(17,948)
Minority interests		(335)	(321)
		<u> </u>	<u> </u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(33,170)</u>	<u>(18,269)</u>
LOSS PER SHARE - BASIC	(5)	<u>(11.05 cents)</u>	<u>(6.09 cents)</u>
DIVIDEND PER SHARE	(6)	<u>Nil</u>	<u>Nil</u>

Other than the net loss from ordinary activities attributable to shareholders, the Group had no recognised gains or losses. Accordingly, a consolidated statement of recognised gains and losses is not presented in the financial statements.



CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) 30 September 2001	(Audited) 31 March 2001
Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Fixed assets	221,472	226,823
Investment properties	56,500	56,500
Interests in jointly controlled entities	3,006	471
Interests in associates	15,302	25,294
Long term investment	1,400	2,300
	<u>297,680</u>	<u>311,388</u>
CURRENT ASSETS		
Cash and bank balances	12,334	24,996
Trade receivables (7)	2,164	1,701
Prepayments, deposits and other receivables	10,350	10,531
Tax recoverable	372	381
Inventories, at cost	4,776	5,569
Pledged bank deposits	6,657	6,499
	<u>36,653</u>	<u>49,677</u>
CURRENT LIABILITIES		
Bank and other borrowings, secured	53,444	73,613
Finance lease payables	290	273
Trade payables (8)	14,691	20,233
Other payables and accruals	11,286	19,244
Tax payable	205	248
	<u>79,916</u>	<u>113,611</u>
NET CURRENT LIABILITIES	<u>(43,263)</u>	<u>(63,934)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>254,417</u>	<u>247,454</u>
NON-CURRENT LIABILITIES		
Bank borrowings, secured	232,134	192,183
Finance lease payables	102	255
	<u>232,236</u>	<u>192,438</u>
Minority interests	7,658	7,323
	<u>14,523</u>	<u>47,693</u>



CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 September 2001 HK\$'000	(Audited) 31 March 2001 HK\$'000
CAPITAL AND RESERVES			
Issued capital		30,005	30,005
Reserves	(9)	66,591	66,591
Accumulated losses		(82,073)	(48,903)
		<u>14,523</u>	<u>47,693</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		(Unaudited) For the six months ended 30 September	
		2001 HK\$'000	2000 HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(16,758)	248
Net cash outflow from returns on investments and servicing of finance		(10,652)	(9,430)
Taxes refunded/(paid)		(42)	319
Net cash outflow from investing activities		(4,856)	(18,232)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(32,308)	(27,095)
Net cash inflow from financing activities		25,759	7,388
DECREASE IN CASH AND CASH EQUIVALENTS		(6,549)	(19,707)
Cash and cash equivalents at beginning of period		(684)	22,696
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>(7,233)</u>	<u>2,989</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		12,334	10,110
Bank overdrafts, secured		(19,567)	(7,121)
		<u>(7,233)</u>	<u>2,989</u>



NOTES TO CONDENSED FINANCIAL STATEMENTS

30 September 2001

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting". The principal accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 31 March 2001.

2. SEGMENT INFORMATION

	Turnover		Contribution to loss from operating activities	
	For the six months ended 30 September		For the six months ended 30 September	
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By activity:				
Restaurant operations	157,459	185,024	(11,191)	(7,252)
Property investment	1,348	902	(36)	10
	<u>158,807</u>	<u>185,926</u>	<u>(11,227)</u>	<u>(7,242)</u>

The Group's turnover and contribution to trading results was derived from activities in Hong Kong.

3. FINANCE COSTS

	For the six months ended 30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts, and other borrowings wholly repayable within five years	10,825	10,766
Interest on finance lease contracts	21	33
	<u>10,846</u>	<u>10,799</u>



4. TAX

	For the six months ended 30 September	
	2001	2000
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Group:		
Hong Kong	(98)	(277)
Prior year's over/(under) provision	89	(31)
	<u> </u>	<u> </u>
	(9)	(308)
Share of tax attributable to an associate	<u> </u>	<u> </u>
	-	(103)
	<u> </u>	<u> </u>
Tax charge for the year	<u> </u>	<u> </u>
	(9)	(411)

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period.

There are no significant potential deferred tax liabilities for which provision has not been made.

5. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$33,170,000 (2000: HK\$18,269,000) and the weighted average of 300,053,220 (2000: 300,052,800) ordinary shares in issue during the period.

The diluted loss per share for the period ended 30 September 2001 has not been shown as the warrants outstanding during the period had an anti-dilutive effect on the basic loss per share.

The diluted loss per share for the period ended 30 September 2000 has not been calculated because no diluting events existed during that period.

6. DIVIDEND

The directors do not recommend the payment of any interim dividend in respect of the period (2000: Nil). Accordingly, no closure of Register of Members of the Company is proposed.



7. TRADE RECEIVABLES

The aged analysis of trade receivables was as follows:

	30 September 2001 (Unaudited) HK\$'000	31 March 2001 (Audited) HK\$'000
Current to 3 months	1,532	860
4 to 6 months	90	79
7 to 12 months	541	739
Over 1 year	1	23
	<hr/>	<hr/>
Total	<u>2,164</u>	<u>1,701</u>

Trading terms with customers are largely on cash and credit card settlement, except for certain well established customers where the terms vary by customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed by senior management.

8. TRADE PAYABLES

The aged analysis of trade payables was as follows:

	30 September 2001 (Unaudited) HK\$'000	31 March 2001 (Audited) HK\$'000
Current to 3 months	14,056	19,776
4 to 6 months	82	290
7 to 12 months	280	59
Over 1 year	273	108
	<hr/>	<hr/>
Total	<u>14,691</u>	<u>20,233</u>



9. RESERVES

	Share premium account HK\$'000	Contributed surplus HK\$'000	Investment property revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2001 (audited) and 30 September 2001 (unaudited)	<u>37,272</u>	<u>23,282</u>	<u>6,037</u>	<u>66,591</u>

The contributed surplus of the Group represents the excess of the nominal value of the shares and the share premium account of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor.

10. PLEDGE OF ASSETS

At 30 September 2001, the bank and other borrowings were secured by certain of the Group's leasehold land and buildings, investment properties and bank deposits with a carrying value of HK\$183,686,000 (31 March 2001: HK\$185,123,000), HK\$56,500,000 (31 March 2001: HK\$47,000,000) and HK\$6,069,000 (31 March 2001: HK\$5,911,000), respectively.

A time deposit of HK\$588,000 (31 March 2001: HK\$588,000) was pledged to a bank to secure guarantees given by the bank in lieu of rental deposits.

11. CONTINGENT LIABILITIES

Certain of the Group's employees had completed the required number of years of service under the Hong Kong Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment meets the circumstances specified in the Ordinance. Had the employment of all these eligible employees been terminated under the circumstances specified by the Ordinance, the Group's liability at 30 September 2001, which has not been provided for in the financial statements, would have been approximately HK\$8,184,076 (31 March 2001: HK\$6,620,000).

12. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group paid rental expenses of HK\$1,433,000 (2000: HK\$750,000) to companies in which certain directors of the Company have beneficial interests. The rentals were determined with reference to open market rentals.
- (b) During the period ended 30 September 2000, the Group received interest income of HK\$104,000 from a jointly controlled entity on a loan which bore interest at 12% per annum.

13. These condensed interim financial statements were approved by the board of directors on 27 December 2001.



RESULTS

The Group recorded an unaudited consolidated turnover of HK\$158,807,000 (2000: HK\$185,926,000) and an unaudited consolidated net loss from ordinary operations attributable to shareholders of HK\$33,170,000 (2000: HK\$18,269,000) for the first half year. The Board of Directors has resolved not to declare any interim dividend (2000: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the last year, the ongoing slowdown of Hong Kong economy together with high unemployment rate and Mandatory Provident Fund Scheme in force directly resulted in fragile consumer confidence and significantly pulled down the Group's operation. Though the Group is under a rationalization, it is attempting to overcome the hardship at full capacity by means of increasing income streams and cost-saving, including a sweeping personnel streamline and enhanced marketing activities.

In view of the attractive potential of property development in Lantau Island, the Group decided to acquire 12 residential premises for the purpose of a stable long-term income. In May 2001, the Group made a joint investment with other third parties, in which the Group held 50% shareholdings.

Besides, the Group has been controlling its operational cost for a year. As a result of tight cost-control and personnel reorganization, the Group's gross profit ratio measured by 4% over last year. Meanwhile, with the bank interest rate sliding down, the Group's cash flow was improved which in turn strengthened the Group's operating capability.

Liquidity and financial resources

As at 30 September 2001, the Group's bank balance and cash, including the pledged bank deposits, amounted to approximately HK\$18,991,000.

As at 30 September 2001, the Group had its bank and other borrowings of approximately HK\$285,578,000 (31 March 2001: HK\$265,796,000), secured by its own properties. The shareholders' equity was HK\$14,523,000 (31 March 2001: HK\$47,693,000) and the ratio of non-current liabilities to shareholders equity was 16.0 (31 March 2001: 4.0).

The Group's bank borrowings, bank balance and cash were all denominated in Hong Kong dollars, and hence there was no significant exposure to foreign exchange fluctuation.

Number of employees and remuneration policy

As at 30 September 2001, the Group had more than 950 employees and the remuneration policy was regularly reviewed during the last year by reference to the prevailing market practices.



Outlook

To strengthen our competitive edges, the Group will closely monitor the market trends, spot potential investments and improve the utilization of resources in line with the Group's strategy of diversification in future. By these measures, It is expected that these measures will be followed by constant profit contributions to the Group.

Appreciation

On behalf of the Board of Directors, I would like to express our highest gratitude to all our staff and business partners for their valuable dedications and hope that next year will continue to see the same.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

At 30 September 2001, the interests of the directors and their associates in the share capital and warrants of the Company and its subsidiaries as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

(i) The Company

Name of director	Number of ordinary shares held and nature of interest		Number of warrants held and nature of interest	
	Personal	Corporate	Personal	Corporate
Chan Shu Kit	-	114,240,000 (note 1)	-	22,848,000 (note 1)
Kung Wing Yiu	7,802,000	-	1,560,400	-
Ng Wai	658,000	5,847,000 (note 2)	131,600	1,169,400 (note 2)
Chan Leung Huen	<u>1,350,000</u>	<u>5,530,000 (note 3)</u>	<u>270,000</u>	<u>3,106,000 (note 3)</u>

(ii) Subsidiaries

(a) Long Yuet Investment Limited

Name of director	Nature of interest	Number of non-voting deferred shares held
Chan Shu Kit	Personal	5,000
Kung Wing Yiu	Personal	<u>5,000</u>



(b) *Conyick Investments Limited*

Name of director	Nature of interest	Number of non-voting deferred shares held
Chan Shu Kit	Personal	400,000
Kung Wing Yiu	Personal	<u>50,000</u>

Notes:

1. These shares and warrants are held through Hoylake Holdings Limited, a company wholly-owned by Chan Shu Kit.
2. These shares and warrants are held through Kemma Investment Limited, a company wholly-owned by Ng Wai and his family.
3. These shares and warrants are held through Loong Yip Shing Investment Company Limited, a company wholly-owned by Chan Leung Huen and his wife.

In addition to the above, a director has non-beneficial personal equity interests in a subsidiary held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Saved as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

At 30 September 2001, no options had been granted pursuant to the share option scheme of the Company.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2001, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of shares held	%
Hoylake Holdings Limited	<u>114,240,000</u>	<u>38</u>



This interest has also been disclosed as an interest of Chan Shu Kit under the section "Directors' interests in shares and warrants" above.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and warrants" above, had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

LOANS TO AFFILIATES

At 30 September 2001, loans and advances totaling HK\$5,554,000, HK\$20,000,000 and HK\$3,006,000 granted by the Group to the associates, Billion Gain Limited and Golden Net Limited, and the jointly-controlled entity, Golden Wise Properties Limited, respectively, were outstanding. The summary of the unaudited combined balance sheet of the affiliates as at 30 September 2001 are set out below:

	Combined (Unaudited) HK\$'000	Amounts attributable to the Group (Unaudited) HK\$'000
Fixed assets	291,500	66,326
Current assets	1,418	426
Current liabilities		
Amounts due to directors	(11,691)	(3,858)
Amounts due to shareholders	(111,555)	(24,833)
Amount due to a related company	(11,100)	(2,220)
Bank and other borrowings, secured	(19,467)	(6,267)
Other payables and accruals	(4,085)	(817)
Non-current liabilities		
Bank and other borrowings, secured	(139,120)	(29,842)
	<u>(4,100)</u>	<u>(1,085)</u>
Share capital	10	5
Reserves	(4,110)	(1,090)
	<u>(4,100)</u>	<u>(1,085)</u>



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 2001.

AUDIT COMMITTEE

The Audit Committee, together with the management of the Group, has reviewed the standard accounting practice adopted by the Group as well as internal control systems and matters relating to financial reporting, including the review of unaudited condensed interim financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, throughout the period, except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement and re-election at each annual general meeting of the Company in accordance with the bye-laws of the Company.

By Order of the board
Chan Shu Kit
Chairman

Hong Kong, 27 December 2001

