TAK SING ALLIANCE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

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

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Tak Sing Alliance Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008. These condensed consolidated interim financial statements have not been audited but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

		For the six months ended 30 September	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
			(Restated)
CONTINUING OPERATIONS			
REVENUE	*2*	**344,971**	294,490
Cost of sales		**(189,823)**	(165,890)
Gross profit		**155,148**	128,600
Other income and gains		**57,956**	36,954
Selling and distribution expenses		**(62,743)**	(50,891)
Administrative expenses		**(40,002)**	(21,242)
Other expenses		**(5,630)**	(7,657)
Finance costs	*3*	**(15,347)**	(17,419)
Share of profits and losses of associates		**(64,008)**	30,786

	Notes	For the six months ended 30 September 2008 HK$'000	2007 HK$'000 (Restated)
PROFIT BEFORE TAX	*4*	**25,374**	99,131
Tax	*5*	**462**	(11,382)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**25,836**	87,749
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation		**–**	(6,585)
PROFIT FOR THE PERIOD		**25,836**	81,164
ATTRIBUTABLE TO:			
Equity holders of the parent		**17,080**	72,047
Minority interests		**8,756**	9,117
		25,836	81,164
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*6*		
Basic *(HK cents)*			
– For profit for the period		**1.49**	7.39
– For profit from continuing operations		**1.49**	8.07
Diluted *(HK cents)*			
– For profit for the period		**1.47**	7.21
– For profit from continuing operations		**1.47**	7.87
INTERIM DIVIDEND	*7*	**–**	11,141

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**407,923**	337,968
Investment properties		**1,208,195**	1,191,683
Prepaid land lease payments		**143,488**	137,042
Goodwill		**41,399**	41,399
Other intangible assets		**533,559**	533,559
Interest in a jointly-controlled entity		**–**	–
Interests in associates		**725,684**	763,996
Available-for-sale investments		**14,704**	19,761
Financial assets at fair value through profit or loss		**11,132**	12,978
Properties under development		**426,767**	509,566
Total non-current assets		**3,512,851**	3,547,952
CURRENT ASSETS			
Properties under development		**158,752**	26,901
Properties held for sale		**168,865**	187,139
Inventories		**53,550**	51,412
Debtors, deposits and prepayments	*8*	**352,185**	273,100
Pledged time deposits		**20,244**	20,305
Cash and cash equivalents		**147,847**	133,701
Total current assets		**901,443**	692,558
CURRENT LIABILITIES			
Trade creditors	*9*	**(48,633)**	(95,895)
Sundry creditors, accruals and deposits received		**(219,273)**	(137,548)
Interest-bearing bank and other borrowings		**(397,822)**	(259,157)
Finance lease payables		**(726)**	(790)
Tax payable		**(122,559)**	(119,919)
Total current liabilities		**(789,013)**	(613,309)
NET CURRENT ASSETS		**112,430**	79,249
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,625,281**	3,627,201

	Notes	**30 September 2008 (Unaudited) *HK$'000***	31 March 2008 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(357,662)**	(387,639)
Finance lease payables		**(525)**	(861)
Deferred tax		**(386,276)**	(386,821)
Total non-current liabilities		**(744,463)**	(775,321)
Net assets		**2,880,818**	2,851,880
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**114,412**	114,412
Reserves		**2,486,090**	2,446,569
Proposed final dividend		**–**	22,882
		2,600,502	2,583,863
MINORITY INTERESTS		**280,316**	268,017
Total equity		**2,880,818**	2,851,880

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations).

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

The adoption of the above has no significant impact on these unaudited condensed consolidated interim financial information.

The following new and revised HKFRSs which have been published but are not yet effective, have not been early adopted in these unaudited condensed consolidated interim financial information.

- HKFRS 2 (Amendment), "Share-based payment – vesting conditions and cancellation", effective for annual periods beginning on or after 1 January 2009

- HKFRS 3 (Revised), "Business combinations", effective for annual periods beginning on or after 1 July 2009

- HKFRS 7 (Amendment), "Financial instruments: disclosures", effective for annual periods beginning on or after 1 January 2009

- HKFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009

- HKAS 1 (Revised), "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009

- HKAS 23 (Revised), "Borrowing costs", effective for annual periods beginning on or after 1 January 2009

- HKAS 27 (Revised), "Consolidated and separate financial statements", effective for annual periods beginning on or after 1 July 2009

- HKAS 32 (Amendment), "Financial instruments: presentation", effective for annual periods beginning on or after 1 January 2009

- HKAS 39 (Amendment), "Financial instruments: recognition and measurement", effective for annual periods beginning on or after 1 January 2009

- HK(IFRIC)-Int 2 (Amendment), "Members' shares in co-operative entities and similar instruments", effective for annual periods beginning on or after 1 January 2009

- HK(IFRIC)-Int 13, "Customer loyalty programmes", effective for annual periods beginning on or after 1 July 2008

- HK(IFRIC)-Int 15, "Agreements for the construction of real estate", effective for annual periods beginning on or after 1 January 2009

- HK(IFRIC)-Int 16, "Hedges of a net investment in a foreign operation", effective for annual periods beginning on or after 1 October 2008

The Group will adopt the above when they become effective. The directors of the Company do not expect the adoption of the above will have significant impact on the unaudited condensed consolidated interim financial information of the Group.

2. **Segment information – Unaudited**

The Group is principally engaged in property investment and development, the operation of restaurant, food and hotel businesses. These principal activities are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and contribution to profit/(loss) from operating activities by principal activity for the six months ended 30 September 2008 are as follows:–

	Continuing operations										Discontinued operation			
	Restaurant, food and hotel		Property investment and development		Others		Eliminations		Total		Garment		Consolidated	
	For the six months ended 30 September													
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**296,333**	241,770	**48,638**	52,720	**–**	–	**–**	–	**344,971**	294,490	**–**	120,936	**344,971**	415,426
Intersegment sales	**370**	312	**450**	3,037	**–**	–	**(820)**	(3,349)	**–**	–	**–**	–	**–**	–
Other revenue	**2,594**	1,999	**24,568**	30,861	**–**	–	**–**	–	**27,162**	32,860	**–**	1,482	**27,162**	34,342
Total	**299,297**	244,081	**73,656**	86,618	**–**	–	**(820)**	(3,349)	**372,133**	327,350	**–**	122,418	**372,133**	449,768
Segment results	**55,572**	54,548	**28,088**	43,286	**(10)**	(2,681)	**–**	–	**83,650**	95,153	**–**	(4,711)	**83,650**	90,442
Unallocated corporate income													**30,794**	4,093
Unallocated corporate expenses													**(9,715)**	(13,482)
Finance costs													**(15,347)**	(17,675)
Share of profits and losses of associates	**–**	–	**(64,008)**	30,786	**–**	–	**–**	–	**–**	–	**–**	–	**(64,008)**	30,786
Profit before tax													**25,374**	94,164
Tax													**462**	(13,000)
Profit for the period													**25,836**	81,164

3. **Finance costs**

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**21,035**	21,043
Interest on finance leases	**55**	13
Total interest expense	**21,090**	21,056
Less: Finance cost capitalised	**(5,743)**	(3,381)
	15,347	17,675
Attributable to a discontinued operation	**–**	256
Attributable to continuing operations reported in the consolidated income statement	**15,347**	17,419
	15,347	17,675

4. Profit before tax

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

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**7,938**	11,855
Minimum lease payments under operating leases for land and building	**11,560**	8,227
(Gain)/Loss on disposal of items of property, plant and equipment	**(1,367)**	1,184
Impairment on available-for-sale investments	**308**	–
Equity-settled share option expenses	**(8,487)**	7,111
Bank interest income	**(870)**	(4,093)
Gross rental income	**(26,254)**	(19,498)

5. Tax

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Mainland China		
Charge for the period	**7,757**	4,916
Over provision in prior years	**(11,168)**	–
Current – Overseas	**–**	1,597
Deferred tax expense	**2,949**	6,487
Total tax (credit)/charge for the period	**(462)**	13,000
Represented by:		
Tax charge attributable to a discontinued operation	**–**	1,618
Tax (credit)/charge attributable to continuing operations reported in the consolidated income statement	**(462)**	11,382
	(462)	13,000

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period (six months ended 30 September 2007: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Deferred tax has been provided for at the rate that is expected to apply in the period when the liability is settled or the asset is realised.

Share of tax credit attributable to an associate amounting to HK$16,087,000 (six months ended 30 September 2007: tax charge of HK$55,966,000) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

6. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the ordinary share in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	**17,080**	78,705
From a discontinued operation	**–**	(6,658)
	17,080	72,047

	Number of shares	
	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,144,122,328**	974,309,556
Effect of dilution – weighted average number of ordinary shares:		
Share options	**16,013,340**	25,370,885
	1,160,135,668	999,680,441

7. Interim dividend

The Board do not recommend any interim dividend for the six months ended 30 September 2008 (2007: HK1 cent).

8. Debtors, deposits and prepayments

Included in the balance is an amount of HK$91,411,000 (2007: HK$83,518,000) representing the trade debtors of the Group. The aged analysis of such debtors as at the balance sheet date is as follows:

	30 September	31 March
	2008	2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current to 30 days	**64,997**	56,410
31 – 60 days	**6,046**	5,005
61 – 90 days	**2,270**	2,320
Over 90 days	**18,098**	19,783
	91,411	83,518

9. Trade creditors

The aged analysis of trade creditors is as follows:

	30 September 2008 (Unaudited) ***HK$'000***	31 March 2008 (Audited) *HK$'000*
Current to 30 days	**30,098**	21,320
31 – 60 days	**7,314**	27,213
61 – 90 days	**2,500**	14,881
Over 90 days	**8,721**	32,481
	48,633	95,895

BUSINESS REVIEW AND PROSPECT

For the six month ended 30 September 2008, the turnover of the Group was HK$344,971,000, increased by 17% as compared to the corresponding period of last year. Profit attributable to equity holders of the parent was HK$17,080,000, decreased by 76% as compared to the corresponding period of last year. The decrease in profit was due to the revaluation deficit of investment properties of the associated company, China South City Holdings Limited ("China South City") for the period. Excluded the results of China South City, profit attributable to equity holders of the parent was HK$81,088,000, increased by 97% as compared to the corresponding period of last year. The hotel, restaurant and food business continued the healthy growth of past few years and became the main contributor of the growth of turnover and profit of the Group. As a result of the slower industrial growth in the Pear River Delta region in year 2008, there was a reduction of property valuation of the China South City raw materials trade center in line with the market price. In the second half of the year, China South City plans to complete 350,000 square meters mega clothing raw materials and finished goods trade center. It is expected that the profit from sales of part of its shops and the valuation surplus of the newly completed properties can offset the revaluation deficit of the existing investment properties.

Property

The contracting economic policies in Mainland China started from the beginning of the year caused a sharp decline of the stock market and property market, in terms of both transaction price and volume. Both investors and users of properties adopt the attitude to "wait and see" the market development. After the sales of about two third (over 60,000 square meters) of the completed residential properties at Yiyang of Hunan Province by the Group in last year, the sales of properties for the reported period was relatively weak due to the impact of the macro policies. During this period, the Group completed most of the supporting facilities of the residential property project, included the surrounding garden and club house, prepared for pushing sales of the remaining properties in the peak sales season, i.e. the three months around the Chinese New Year. Following the global financial crisis, the Chinese Government has introduced various policies to relax money supply and to encourage properties purchases. The management expects the sales in the second half of the year will be much better than the first half year. In addition, the Group has launched the sales of the 12,000 square meters shopping street properties by the end of 2008 with satisfactory preliminary response. This will increase the full year sales revenue.

During the period, the occupancy rate and rental income of the Group's investment properties remained stable. In view of the current financial environment, the Group's another development project, the logistic center at Lianyungang of Jiangsu Province will be postponed. The project company has already acquired 600,000 square meters of land and has no liability.

Construction work for the second phase of the 700,000 square meters mega leather and clothing raw materials and finished goods exhibit and sales center was in full speed by the associate company, China South City. The 350,000 square meters textile and clothing exhibit and sales building is planned to be completed by March 2009. China South City has launched the sales of some of the shops, which will bring in sales profit. The portion reserved as long-term investment properties is expected to be revaluated and the revaluation surplus is anticipated to be higher than the revaluation deficit of the first phase investment properties.

Hotel, Restaurant and Food

During the period, the turnover and gross profit of the hotel, restaurant and food business recorded satisfactory growth, both at 23%. The main reason for the growth was the better than expected sales growth of mooncake, and the restaurant business still managed to maintain continuous growth in sales revenue despite the worsen economic situation. Looking forward in the second half of the year, when the external economic factors continuously grow worse, the operations situation will be even more difficult.

The main building of the Group's hotel at Yiyang, Hunan Province was completed during the period. The hotel has commenced trial operation in July 2008. The initial occupancy rate was around 30% and increased to near 50% in the first half month in December 2008. Together with the hotel at Foshan, Guangdong Province, the group now operates 2 hotels, 12 restaurants in Hong Kong and various mainland cities, as well as 3 food factories at Hainan, Shenzhen and Kunming. Coupling with the longstanding good reputation of the "Carrianna" brand, these operations will provide long-term stable profit and cash income to the Group.

In year 2009, the Group will cautiously control its capital expenditure and does not have any plan to open new restaurant. In addition to all its efforts to push up sales of restaurants and hotels, the Group will produce more food and semi-finished food product to increase the efficiency of the 3 food factories invested in last year, in order to increase their cash and profit contribution to the Group.

FINANCIAL REVIEW

Liquidity and financial resources

As the Group adopts a prudent funding and treasury policy on its overall business operation, a variety of credit facilities is maintained. As at 30 September 2008, the Group's free cash and bank balances amounted to HK$147,847,000 (31 March 2008: HK$133,701,000). The Group's net bank borrowings (total borrowings less deposits pledged for such borrowings) as at 30 September 2008 amounted to HK$735,240,000 (31 March 2008: HK$626,491,000), and net bank borrowings less free cash and bank balances amounted to HK$587,393,000 (31 March 2008: HK$492,790,000), representing 22% (31 March 2008: 19%) of the Group's consolidated net assets attributable to its shareholders. The Group's borrowings are principally on floating rate basis.

Exposure on foreign exchange fluctuations and treasury policy

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk with respect to Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China. The directors consider that the exchange rate of Hong Kong dollars against Renminbi in the foreseeable future is expected to be relatively stable, there is no hedge against fluctuation in foreign exchange rates.

The Group has certain major investments in operations in Mainland China, whose net assets are exposed to translation risk. The management does not expect any material adverse impact from the foreign exchange fluctuation.

Contingent liabilities

As at the balance sheet date, the Group had major contingent liabilities relating to guarantee given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK$17,172,000. In addition, the Group has contingent liabilities relating to guarantee given to a bank in connection with facilities to an associate of approximately HK$4,500,000.

Charges on the Group assets

As at the balance sheet date, certain of the Group's properties, plant and equipment, investment properties, time deposits, financial asset at fair value through profit or loss, properties held for sale and inventories with a total carrying value of HK$1,459,503,000 were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group were assigned to bankers to secure loan facilities granted to the Group.

Material acquisition and disposal

The Group has no material acquisition and disposal during the period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2008, the Group's staff consists of approximately 100 employees in Hong Kong and approximately 2,300 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and one non-executive director of the Company.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code for the six months ended 30 September 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2008, except for deviation of the code provisions A.2.1 of the Code as mentioned below.

According to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Up to the date of this interim report, the Board has not appointed an individual to the post of chief executive officer. The roles of the chief executive officer have been performed collectively by all the executive directors, including the chairman, of the Company. The Board considers that this arrangement allows contributions from all executive directors with different expertise and is beneficial to the continuity of the Company's policies and strategies. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing an individual to chief executive officer when it thinks appropriate.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (http://www.taksing.com.hk) and the Stock Exchange (www.hkex.com.hk) respectively. The 2008/2009 interim report will be despatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

The Board takes this opportunity to express hearty gratitude to business partners, shareholders, and loyal and diligent staff.

On behalf of the Board
Tak Sing Alliance Holdings Limited
Dr. Ma Kai Cheung
Chairman

Hong Kong, 19 December 2008

As at the date of this announcement, Executive Directors of the Company are Messrs. Ma Kai Cheung, Ma Kai Yum and Ng Yan Kwong. Non-Executive Director is Mr. Yip Hing Chung. Independent Non-Executive Directors are Messrs. Lo Ming Chi Charles, Lo Man Kit, Sam and Wong See King.