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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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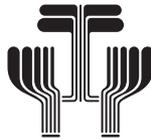
**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Tack Hsin Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

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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)****SUBSCRIPTION OF CONVERTIBLE BONDS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the special general meeting of the Company to be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Thursday, 22 October 2009 at 3:00 p.m. or any adjournment thereof is set out on pages 18 to 19 of this circular. Whether or not you are able to attend the special general meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the special general meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the special general meeting should you so wish.

*This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company for at least 7 days from the date of its posting.*

\* For identification purposes only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 16 September 2009 in relation to the Placing Agreement, the Subscription Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Board”	the board of Directors
“Bond Instrument”	the instrument to be entered into by the Company constituting the Convertible Bonds, substantially in the form of the draft set out in a schedule to the Subscription Agreement
“Company”	Tack Hsin Holdings Limited (德興集團有限公司*), a company incorporated in Bermuda with limited liability whose issued Shares are listed and traded on the Main Board of the Stock Exchange
“Conversion Price”	initial conversion price of HK\$0.4 per Conversion Share but subject to standard adjustment clauses in the Bond Instrument
“Conversion Shares”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	zero coupon rate unsecured redeemable convertible bonds due 2012 in the principal amount of HK\$80,000,000 convertible into Shares, to be constituted by the Bond Instrument
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Latest Practicable Date”	2 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 72,000,000 Warrants pursuant to the terms of the Placing Agreement
“Placing Agent”	Fortune (HK) Securities Limited
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 15 September 2009 in relation to the Placing
“PRC”	The People’s Republic of China, and for the sole purpose of this circular excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SGM”	the special general meeting of the Company to be held on Thursday, 22 October 2009, to consider and, if thought fit, approve, the Subscription Agreement and the transactions contemplated thereunder including the issue of the Convertible Bonds and the issue of the Conversion Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Project Giant Investments Limited
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber dated 15 September 2009 in relation to the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

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## DEFINITIONS

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“Warrant Instrument”	the instrument to be entered into by the Company constituting the Warrants, substantially in the form of the draft set out in a schedule to the Placing Agreement
“Warrants”	a total number of 72,000,000 unlisted warrants to be issued by the Company pursuant to the Placing Agreement and the terms and conditions to the Warrant instrument
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

\* *For identification purposes only*

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## **RESPONSIBILITY STATEMENT**

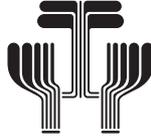
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This circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other matters the omission of which would make any statement in this circular misleading.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Chan Shu Kit (*Chairman*)  
Mr. Kung Wing Yiu (*Deputy Chairman*)  
Mr. Chan Ho Man

*Independent Non-executive Directors:*

Mr. Kung Fan Cheong  
Mr. Chan Ka Ling, Edmond  
Mr. Lo Kin Cheung

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business:*

Unit 1203, 12/F  
Peninsula Centre  
67 Mody Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

6 October 2009

*To the Shareholders*

Dear Sir or Madam,

### SUBSCRIPTION OF CONVERTIBLE BONDS

#### INTRODUCTION

Reference is made to the Announcement regarding the Placing Agreement, the Subscription Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, further details of the Subscription Agreement, the issue of the Convertible Bonds and the issue of the Conversion Shares together with the notice of the SGM at which resolution(s) will be proposed to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the issue of the Conversion Shares.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### SUBSCRIPTION AGREEMENT

**Date**

15 September 2009

**Issuer**

The Company

**Subscriber**

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are independent of and not connected with the Company, directors, chief executive, and substantial shareholders of the Company and its subsidiaries or any of their respective associates. In addition, the Directors confirm that (a) there have been no business transactions between the Group and the Subscriber (or its ultimate beneficial owner) before the Latest Practicable Date; and (b) there have been no business transactions between the controlling shareholders (as defined in the Listing Rules) of the Company and the Subscriber (or its ultimate beneficial owner) before the Latest Practicable Date.

**Information on the Convertible Bonds**

Convertible Bonds in the principal amount of HK\$80,000,000 will be issued to the Subscriber. Upon full exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price, the Company will issue up to 200,000,000 Conversion Shares, representing (i) approximately 55.51% of the issued share capital of the Company as at the date of the Announcement; (ii) approximately 35.69% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares upon the full exercise of the conversion rights attaching to the Convertible Bonds.

The Convertible Bonds carry the right to convert into Conversion Shares at the Conversion Price (subject to adjustment).

The conversion rights attaching to the Convertible Bonds can be exercised at any time during a period of three years commencing from the date of issue of the Convertible Bonds.

The Conversion Shares, when fully paid and allotted, will rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the relevant Conversion Shares and among themselves.

The Subscription Agreement provides that the Convertible Bonds are to be issued to the Subscriber upon completion in registered form and constituted by the Bond Instrument, substantially in the form of the draft set out in a schedule to the Subscription Agreement. The Convertible Bonds will rank pari passu in all respects among themselves. The principal terms of the Bond Instrument and the Convertible Bonds are summarised below.

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## LETTER FROM THE BOARD

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### Principal Terms of the Bond Instrument and the Convertible Bonds

- Principal amount: HK\$80 million
- Issue price: 100% of the principal amount of the Convertible Bonds. The issue price was determined by the Company based on the face value of the Convertible Bonds
- Interest rate: The Convertible Bonds do not bear any interest
- Maturity date: Three years from the date of issue
- Conversion Price: HK\$0.4, being the initial conversion price per Conversion Share. The Conversion Price is subject to standard adjustment clauses which include only the following (in summary):
- (i) If and whenever the Shares by reason of any consolidation or reduction and sub-division or reclassification become of a different nominal amount
  - (ii) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves
  - (iii) If and whenever the Company shall make any capital distribution (in cash or specie) to holders (in their capacity as such) of Shares or shall grant to such holders right to acquire for cash assets of the Company or any of its subsidiaries
  - (iv) If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights, open offer or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price which is less than 90 per cent. of the market price on the date of the announcement of the terms of the offer or grant

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## LETTER FROM THE BOARD

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- (v) (aa) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 90 per cent. of the market price on the date of the announcement of the terms of issue of such securities. (bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities mentioned in (aa) above are modified so that the total effective consideration per Share initially receivable for such securities shall be less than 90 per cent. of the market price on the date of announcement of the proposal
- (vi) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 90 per cent. of the market price on the date of the announcement of the terms of such issue
- (vii) If the Company shall issue Shares at a consideration (including both cash consideration and non-cash consideration) per Share which is less than the prevailing Conversion Price or if the Company shall issue securities convertible into new Shares, at a conversion price or subscription price which is less than the prevailing Conversion Price

Any adjustment to the Conversion Price will be verified by the auditors of the Company for the time being as being appropriate and an announcement in respect of the adjustment will be published made by the Company immediately thereafter.

Status and transferability:

- (a) The obligations of the Company arising under the Convertible Bonds will constitute direct unconditional, unsubordinated and unsecured obligations of the Company, and will rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company
- (b) The Convertible Bonds are freely transferable

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## LETTER FROM THE BOARD

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- (c) Any transfer of the Convertible Bonds shall be in respect of the whole or any part of the Convertible Bonds in integral multiples of HK\$1,000,000

Redemption: All Convertible Bonds which have not been redeemed or converted by their maturity date will be automatically redeemed by the Company on the maturity date at a redemption amount equal to 100% of the principal amount of such Convertible Bonds

Conversion: The conversion rights attaching to the Convertible Bonds can be exercised at any time during a period of three years commencing from the date of issue of the Convertible Bonds provided that no conversion right shall be exercised if it will result in (a) a change of control of the Company within the meaning of the Takeovers Code; or (b) insufficient public float of the Shares

Voting at shareholders' meeting: Holders of the Convertible Bonds shall not be entitled to receive notices of attend or vote at any general meeting of the Company by reason only of being the holders of the Convertible Bonds

Listing: No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange, or any other stock exchange. Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

Events of default: If any of the following events occurs and is continuing, if so requested in writing by the holders of the Convertible Bonds ("**Bondholders**") of not less than 66% of the outstanding principal amount of the Convertible Bonds shall (subject to its rights under the Bond Instrument to be indemnified), or a Bondholder or a group of Bondholders in aggregate holding not less than 66% of the outstanding principal amount of the Convertible Bonds shall, give notice to the Company that the Convertible Bonds are, and they shall accordingly thereby forthwith become, immediately due and payable at their principal amount together with accrued interest if:

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## LETTER FROM THE BOARD

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- (a) the Company fails to pay the principal or premium (if any) of or any interest on any of the Convertible Bonds when due and such failure continues for a period of fourteen (14) days; or
- (b) the Company fails to perform or comply with any of its other obligations under the Convertible Bonds or the Bond Instrument which default is not remedied within thirty (30) days after notice requiring the same to be remedied is served by the Bondholder at the request of any Bondholder or group of Bondholders holding not less than 66% of the outstanding principal amounts of the Convertible Bonds or a Bondholder or a group of Bondholders holding not less than 66% of the outstanding principal amount of the Convertible Bonds (as the case may be) on the Company; or
- (c) (i) any other present or future indebtedness of the Company or any major subsidiary (“**Major Subsidiary**”) of the Company for or in respect of moneys borrowed or raised is declared or becomes due and payable prior to its stated maturity by reason of an event of default (however called or described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any Major Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; provided that any single amount or the aggregate amount of the indebtedness becoming due and payable under (i) above, and/or any single amount or aggregate amount of the indebtedness not paid when due, or as the case may be, within any applicable grace period under (ii) above and/or any single amount or the aggregate amount not paid when due under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised under (iii) above, equals or exceeds HK\$5,000,000 and HK\$10,000,000 respectively; or

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## LETTER FROM THE BOARD

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- (d) a distress, attachment, execution or other legal process (the “**Actions**”) is levied, enforced or sued out on or against the whole or any part of the property, assets or revenues of the Company or any Major Subsidiary which, in the reasonable opinion of the Bondholders, has or would have a material adverse effect on the Company or such Major Subsidiary and is not discharged or stayed within 45 days (or such longer period as the Bondholders may consider to be reasonably appropriate) unless, but only so long as, the Bondholders are satisfied that the Actions are being contested in good faith, diligently and with a reasonable prospect of success; or
- (e) the Company or any Major Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts; makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due); or
- (f) an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Major Subsidiary, or the directors of the Company or any Major Subsidiary request any person to appoint an administrator (or equivalent person), or the Company ceases or threatens to cease to carry on all or a material part of its business or operations; except in any case, however, for the purpose of or in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved by a special resolution of the Bondholders, or (ii) in the case of a Major Subsidiary, whereby the undertaking and assets of the Major Subsidiary are transferred or distributed

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## LETTER FROM THE BOARD

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to or otherwise vested in the Company or another one or more of its subsidiaries, or by way of a voluntary winding up or dissolution where there are surplus assets in such Major Subsidiary and such surplus assets which are attributable to the Company and/or any other subsidiaries are distributed to the Company and/or such other subsidiaries; or

- (g) an administrative or other receiver or any manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary or the directors of the Company or any Major Subsidiary request any person to appoint such an administrative or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties, unless it is in the opinion of the Bondholders (which shall be duly resolved at the meeting of the Bondholders convened) that, in the case only of such action having been commenced by a creditor of the Company or any Major Subsidiary, as the case may be, it is discharged within thirty (30) days of the commencement of such proceedings or the appointment as aforesaid; or
- (h) the listing of the Shares on the Stock Exchange is at any time terminated, or the Shares are suspended for trading for a period of more than twenty (20) consecutive trading days and the Company is unable to provide a reason therefor

The Conversion Price represents:

- (i) a discount of approximately 64.91% to the closing price of HK\$1.14 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 64.29% to the closing price of HK\$1.12 per Share as quoted on the Stock Exchange on 15 September 2009, being the date of the Placing Agreement;
- (iii) a discount of approximately 51.81% over the average of the closing prices of HK\$0.83 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 September 2009; and
- (iv) a premium of 60% over the audited net asset value per Share of HK\$0.25 as at 31 March 2009.

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## LETTER FROM THE BOARD

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The Conversion Price was determined with reference to the prevailing market price of the Shares and the audited net asset value of HK\$0.25 per Share as at 31 March 2009 and was negotiated on an arm's length basis between the Company and the Subscriber. The Directors were aware that the Conversion Price represented a substantial discount to the prevailing market price of the Shares and no restriction on timing is imposed on the conversion rights attaching to the Convertible Bonds. However, having taken into account the following factors:

- (i) the Convertible Bonds, which are unsecured and carry no interest, will impose higher risks to the Subscriber when comparing with the Warrants as the Subscriber will become an unsecured creditor for HK\$80 million of the Company immediately upon completion while the placee(s) of the Warrants will only pay for the aggregate issue price of the Warrants in the amount of HK\$1.44 million immediately upon completion;
- (ii) the Convertible Bonds, being free of interest, provide the Company with a cheaper means to raise a funding of HK\$80 million than bank borrowings and do not cause immediate dilution of equity interests to the Shareholders in the Company;
- (iii) the Conversion Price represented a significant premium of 60% over the audited net asset value per Share as at 31 March 2009;
- (iv) the relatively low liquidity of the Shares in the open market in the past 12 months;
- (v) the market price of the Shares has been volatile in the past 12 months with the lowest closing price of HK\$0.255 per Share. At the time when the conversion rights of the Convertible Bonds are exercised, the market price of the Shares may not be much higher than the Conversion Price; and
- (vi) the Subscriber is unable to exercise all the conversion rights attaching to the Convertible Bonds in a single lot or within a short period of time after completion as there is restriction of conversion of the Convertible Bonds if it will result in a change of control of the Company within the meaning of the Takeovers Code,

the Directors still consider that the terms of the Subscription as well as the Conversion Price are fair and reasonable based on the current market conditions and it is in the interests of the Company and the Shareholders as a whole to enter into the Subscription Agreement and the transactions contemplated thereunder.

The Directors have considered various means available to raise funds in the capital market to finance possible future investments. The issue of the Convertible Bonds is appropriate mean of raising additional capital for the Company since (i) they will not have an immediate dilution effect on the shareholding of the existing Shareholders; (ii) no interest is payable for the Convertible Bonds; (iii) if the conversion rights attaching to the Convertible Bonds are exercised, the shareholder base of the Company will be enlarged and the financial position of the Group will be improved for establishing and strengthening the existing and future business of the Group.

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## LETTER FROM THE BOARD

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### Conditions of the Subscription

The Subscription is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Issuer nor any of the Subscriber objects) listing of and permission to deal in the Conversion Shares upon exercise by the conversion rights attaching to the Convertible Bonds;
- (b) the Shareholders shall have passed relevant resolutions in approving the Subscription Agreement and the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds.

If any of the above conditions is not fulfilled on or 30 October 2009 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

### Completion of the Subscription

Completion of the Subscription will take place on or before the fifth business days after the fulfillment of the conditions set out in the Subscription Agreement or such later date as may be agreed in writing between the Company and the Subscriber.

### Issue of the Conversion Shares

The Subscription Agreement and the transactions contemplated thereunder are subject to the approval by Shareholders at the SGM. The Directors will seek a specific mandate from the Shareholders at the SGM to issue and allot the Conversion Shares.

### REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in property investment and development, hotel and restaurant operation. As stated in the annual report of the Company for the year ended 31 March 2009, it is the corporate strategy of the Group to continue to identify investment opportunities with the aim to increase its market share. It is the intention of the Group to continue to expand its market share in a steady and proactive way in spite of the currently weak consumer sentiment. It is believed that such strategy will provide a solid platform for the Group to continue to expand as and when the consumer market recovers. In light of this corporate strategy, when appropriate opportunity arises, the Directors considered it in the interest of the Company to undertake the Subscription so that the Group will have sufficient cash for its future expansion.

At present, the Directors have the intention to maintain the principal business activities of the Group in property investment and development, hotel and restaurant operation. However, if there is any opportunity, the Directors will also consider to diversify the business of the Group as hotel and restaurant business is highly susceptible to global financial market.

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## LETTER FROM THE BOARD

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It is expected that net proceeds of up to approximately HK\$79.6 million will be raised from the issue of the Convertible Bonds. It is also expected that net proceeds of up to approximately HK\$1.4 million will be raised from the issue of the Warrants and additional net proceeds of up to approximately HK\$64.8 million will be raised when the subscription rights attaching to the Warrants are fully exercised.

The Director currently plan to use such proceeds to finance future investment opportunities including the openings of two to three new restaurants by leasing or purchasing suitable properties in Hong Kong (as to 75%) and as general working capital (as to 25%). To the extent that no investment opportunity is identified by the Group, the amounts will be placed in licensed banks or authorised financial institutions in Hong Kong as interest-bearing deposits.

Hotels and restaurants are businesses which require a significant level of cash. They basically receive cash every day and pay their monthly expenses either in advance (for rentals of premises) and in arrears (for salaries of staff and other stock purchased from vendors). Rentals and salaries are invariable expenses and account for a significant portion of the Group's expenses, while income of the Group fluctuates and depends on the consumer market. Therefore, in view of current market conditions, the Directors consider that it is prudent for the Group to maintain a level of cash in hand in order to smoothly run the hotel and restaurant business. However, as responsible and prudent businessmen, the Directors will periodically review the business plan, diversity plan, working capital level and corporate strategy of the Group and make revision appropriately with respect to market situation in order to maximise the yield and return to the Shareholders.

On the assumption that (a) the aggregate net proceeds of HK\$145.8 million from the issue of the Convertible Bonds, the issue of the Warrants and the full exercise of the subscription rights attaching to the Warrants have been received by the Company before 31 March 2009; and (b) all of such proceeds have not be utilised by the Company, the Company (as at 31 March 2009) will have:

- (i) a cash to total assets ratio of 0.69; and
- (ii) a cash to net assets ratio of 0.8.

Despite the fact that the Company may not be able to utilise the proceeds raised from the Placing and the Subscription immediately, the Company have substantial existing business operations and valuable assets other than cash and will not become a cash company within the meaning of Rule 14.82 of the Listing Rules.

As at the Latest Practicable Date, the Company has not yet identified any suitable business or investment opportunity or suitable properties for the purpose of opening new restaurants.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE

The following table, for illustrative purposes only, shows the change in shareholding structure of the Company upon full exercise of each of the conversion rights attaching to the Convertible Bonds and the subscription rights attaching to the Warrants:

Shareholder	As at the Latest Practicable Date		Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price but no subscription rights attaching to the Warrants are exercised		Assuming each of the conversion rights attaching to the Convertible Bonds and the subscription rights attaching to the Warrants are exercised in full at the initial Conversion Price and initial Subscription Price, respectively		Assuming the conversion rights attaching to the Convertible Bonds are exercised to the extent that the Subscriber is interested in approximately 29.99% of the enlarged issued share capital of the Company and no subscription rights attaching to the Warrants are exercised	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Hoylake Holdings Limited (Note)	114,240,000	31.70	114,240,000	20.39	114,240,000	18.07	114,240,000	22.20
Subscriber	0	0	200,000,000	35.69	200,000,000	31.63	154,350,026	29.99
Public	246,081,620	68.30	246,081,620	43.92	318,081,620	50.30	246,081,620	47.81
Total:	<u>360,321,620</u>	<u>100.00</u>	<u>560,321,620</u>	<u>100.00</u>	<u>632,321,620</u>	<u>100.00</u>	<u>514,671,646</u>	<u>100.00</u>

Note: Hoylake Holdings Limited is a company wholly owned by Mr. Chan Shu Kit, an executive Director.

### FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past twelve months from the date of the Announcement.

### SGM

A notice convening the SGM to be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Thursday, 22 October 2009 at 3:00 p.m. or any adjournment thereof is set out on pages 18 to 19 of this circular.

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## LETTER FROM THE BOARD

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A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the SGM should you so wish.

As far as the Directors are aware of, no Director or Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder and no Shareholder is required to abstain from voting at the SGM.

The resolution proposed to be approved at the SGM will be taken by way of poll and an announcement will be made by the Company after the SGM regarding the results of the SGM.

**As the completion of the Subscription is subject to the fulfillment of a number of conditions precedent which are detailed in this circular, the Subscription Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

### RECOMMENDATIONS

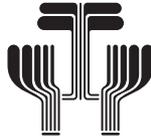
The Board considers that the terms of the Subscription Agreement are fair and reasonable and issue of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of SGM.

By order of the Board  
**TACK HSIN HOLDINGS LIMITED**  
**Chan Shu Kit**  
*Chairman and Executive Director*

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## NOTICE OF SPECIAL GENERAL MEETING

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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)

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (“SGM”) of Tack Hsin Holdings Limited (the “**Company**”) will be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Thursday, 22 October 2009 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

**“THAT**

- (a) the Subscription Agreement (as defined in the circular dated 6 October 2009 despatched to the shareholders of the Company (the “**Circular**”)), a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification, dated 15 September 2009 and entered into between the Company and the Subscriber (as defined in the Circular) pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, the Convertible Bonds (as defined in the Circular) in the principal amount of HK\$800,000,000, and all the transactions contemplated thereunder, be and is hereby approved, ratified and confirmed;
- (b) the issue of the Convertible Bonds by the Company in accordance with the terms and conditions of the Subscription Agreement and the terms and conditions of the Convertible Bonds attached to the Subscription Agreement be and are hereby approved, ratified and confirmed;
- (c) the issue and allotment of up to 200,000,000 new ordinary shares of HK\$0.10 each in the share capital of the Company at HK\$0.40 each (subject to adjustment) which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Bonds be and are hereby approved, ratified and confirmed; and

\* *For identification purposes only*

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## NOTICE OF SPECIAL GENERAL MEETING

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- (d) the directors of the Company be and is/are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be in their discretion consider necessary desirable or expedient to carry and implement the Subscription Agreement and all the transactions contemplated thereunder into full effect.”

By order of the Board  
**TACK HSIN HOLDINGS LIMITED**  
**Chan Shu Kit**  
*Chairman and Executive Director*

Hong Kong, 6 October 2009

*Head Office and Principal Place of Business in Hong Kong:*

Unit 1203, 12/F  
Peninsula Centre  
67 Mody Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

*Notes:*

1. Any shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies (if the member is a holder of two or more shares) to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders is present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be duly lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
4. Completion and return of a form of proxy will not preclude a shareholder from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.