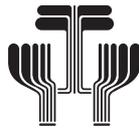

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

**TACK HSIN HOLDINGS LIMITED****德興集團有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 611)****SUBSCRIPTION FOR CONVERTIBLE BONDS
REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING****Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders****VEDA | CAPITAL**
智略資本

A letter from the board of directors of the Company is set out from pages 6 to 24 of this circular. A letter from the independent board committee of the Company is set out on page 25 of this circular. A letter from the independent financial adviser containing its advice to the independent board committee and the independent shareholders of the Company is set out from pages 26 to 31 of this circular.

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 Tuesday, 16 March 2010 at 3:00 p.m. or any adjournment thereof is set out from pages 32 to 34 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

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

“1st Announcement”	the announcement of the Company dated 20 January 2010 in relation to the Subscription Agreement and the transactions contemplated thereunder, the Equity Transfer Agreement and the transactions contemplated thereunder and the refreshment of General Mandate
“2nd Announcement”	the supplemental announcement dated 21 January 2010 in relation to the Subscription Agreement and the transactions contemplated thereunder, the Equity Transfer Agreement and the transactions contemplated thereunder and the refreshment of General Mandate
“Acquisition”	the acquisition of 7.5% equity interest in China Nuclear as contemplated under the Equity Transfer Agreement
“Announcement”	the announcement of the Company dated 16 September 2009 in relation to the CBs and the Warrants
“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
“CBs”	the convertible bonds in the principal amount of HK\$80,000,000 issued by the Company on 16 November 2009
“CB Instrument”	the instrument dated 16 November 2009 and signed by the Company constituting the CBs
“China Nuclear”	中核混凝土股份有限公司 (China Nuclear Concrete Company Limited*), a joint stock limited liability company incorporated in the PRC, which Zhong He Investment and the Vendor have 29.1333% and 10% equity interest therein, respectively

DEFINITIONS

“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
“controlling shareholders”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	initial conversion price of HK\$0.50 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 2013 in the principal amount of HK\$200,000,000 convertible into Shares, to be constituted by the Bond Instrument
“Directors”	directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 20 January 2010 and entered into between the Company and the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, 7.5% equity interest in China Nuclear at a consideration of RMB6,429,517.50, subject to the terms and conditions therein
“General Mandate”	the general mandate as refreshed and granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 September 2009 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Governmental Authorities”	any supra-national, national, provincial, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, being all the independent non-executive Directors, for the purpose of advising the Independent Shareholders in respect of the refreshment of General Mandate
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a licensed corporation to carry on type 6 regulated activities (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of General Mandate
“Independent Shareholders”	any Shareholders other than the controlling shareholder(s) of the Company and its/their associates
“Latest Practicable Date”	24 February 2010, 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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be held on Tuesday, 16 March 2010, to consider and, if thought fit, approve, (a) the Subscription Agreement and the transactions contemplated thereunder; (b) the issue and allotment of the Conversion Shares upon exercise of the conversions rights attaching to the Convertible Bonds; and (c) the refreshment of General Mandate
“Shareholder(s)”	holder(s) of Shares

DEFINITIONS

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“strategic alliance”	in respect of the Company and Zhong He Investment, means Zhong He Investment (through the Subscriber) becomes a holder of the Convertible Bonds through the Subscription and the Company becomes a shareholder of China Nuclear through the Acquisition
“Subscriber”	China He Investment (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is owned by Zhong He Investment
“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 20 January 2010 in relation to the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Vendor”	博信資產管理有限公司 (Bo Xin Asset Management Limited*), a company established in the PRC with limited liability
“Warrant Instrument”	the instrument dated 19 October 2009 and signed by the Company constituting the Warrants
“Warrants”	a total number of 72,000,000 unlisted warrants issued by the Company on 19 October 2009. As at the Latest Practicable Date, a total of 69,000,000 Warrants are still outstanding
“Zhong He Investment”	中核投資有限公司 (Zhong He Investment Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of 中國核工業建設集團公司 (China Nuclear Construction Group Company*), a PRC State-owned enterprise
“%”	per cent.

* For identification purposes only

RESPONSIBILITY STATEMENT

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.

LETTER FROM THE BOARD



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
Ms. Jian Qing

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

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

*Head Office and Principal Place
of Business*

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

26 February 2010

To the Shareholders

Dear Sir or Madam,

SUBSCRIPTION OF CONVERTIBLE BONDS AND REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

Reference is made to the 1st Announcement and the 2nd Announcement regarding the Subscription Agreement and the transactions contemplated thereunder, the Equity Transfer Agreement and the transactions contemplated thereunder and the refreshment of General Mandate.

The purpose of this circular is to provide you with, among others, (i) further details of the Subscription Agreement, the issue of the Convertible Bonds and the issue of the Conversion Shares; (ii) the refreshment of General Mandate; (iii) a letter of advice from the Independent

* *For identification purposes only*

LETTER FROM THE BOARD

Board Committee to the Independent Shareholders; (iv) a letter of advice from Veda Capital, the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Board Committee and the Independent Shareholders; and (v) a notice of SGM.

EQUITY TRANSFER AGREEMENT

Date

20 January 2010

Parties

Vendor : 博信資產管理有限公司 (Bo Xin Asset Management Company Limited*)

Purchaser : The Company

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of and not connected with the directors, chief executive, and substantial shareholders of the Company and its subsidiaries or any of their respective associates.

Assets acquired under the Equity Transfer Agreement

3,750,000 shares of RMB1.00 each in the share capital of China Nuclear, representing 7.5% equity interest in China Nuclear.

Consideration

The consideration of the Acquisition is RMB6,429,517.50 and shall be settled by cash in two installments in the following manner:

- (1) RMB3,214,758.75, being 50% of the consideration, shall be paid to the Vendor as the deposit within 3 business days after the date of the Equity Transfer Agreement; and
- (2) RMB3,214,758.75, being the remaining 50% of the consideration, shall be paid to the Vendor upon completion of the Equity Transfer Agreement.

The consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement after taking into account a number of factors including the business prospects, financial position and performance of China Nuclear.

LETTER FROM THE BOARD

Conditions precedent

Completion of the Equity Transfer Agreement shall be conditional on the following conditions having been fulfilled:

- (a) the shareholders of China Nuclear shall have passed relevant resolutions in approving the transfer of 7.5% equity interest in China Nuclear from the Vendor to the Company and the corresponding amendments to the articles of association of China Nuclear;
- (b) the Vendor shall have obtained all necessary approvals of the PRC Governmental Authorities in respect of the Acquisition; and
- (c) the Company shall have paid the deposit in the sum of RMB3,214,758.75 to the Vendor.

If any of the above conditions is not fulfilled within 360 days from the date of the Equity Transfer Agreement, the Equity Transfer Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder.

Completion

Completion of the Equity Transfer Agreement shall take place on the 5th day after the fulfillment of conditions precedent set out in the Equity Transfer Agreement has been notified by the Vendor to the Company.

Completion of the Acquisition is subject to the satisfaction of the conditions precedent in the Equity Transfer Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Information on the Vendor and China Nuclear

The Vendor is a company established in the PRC with limited liability whose principal activities are investment management, investment information consultancy, financial consultancy and technical development of technological products.

China Nuclear is a joint stock limited company incorporated in the PRC whose principal activities are manufacturing and transportation of concrete, design and technical consultancy of concrete-related products.

China Nuclear is owned by 7 shareholders including Zhong He Investment, the single largest shareholder which owns 29.1333% equity interest therein and the Vendor which owns 10% equity interest therein. Save for Zhong He Investment which is the sole shareholder of the Subscriber, all of the shareholders of China Nuclear are, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, independent of and not connected with the directors, chief executive, and substantial shareholders of the Company and its subsidiaries or any of their respective associates.

LETTER FROM THE BOARD

SUBSCRIPTION AGREEMENT

Date

20 January 2010

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 directors, chief executive, and substantial shareholders of the Company and its subsidiaries or any of their respective associates.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, save for the fact that Zhong He Investment and the Vendor are the shareholders of China Nuclear, there is no other prior or current relationship between Zhong He Investment and/or its ultimate beneficial owners and the Vendor and/or its ultimate beneficial owners.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, there is no prior or current relationship between Zhong He Investment (and the Subscriber) on the one part and any of the holder(s) of the CBs, holders of the Warrants and their respective ultimate beneficial owners on the other part.

Information on the Convertible Bonds

Convertible Bonds in the principal amount of HK\$200,000,000 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 400,000,000 Conversion Shares, representing (i) approximately 110.10% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 52.40% 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 rights to convert into Conversion Shares at the Conversion Price (subject to adjustment).

LETTER FROM THE BOARD

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.

Principal terms of the Bond Instrument and the Convertible Bonds

Principal amount	:	HK\$200 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\$0.50, being the initial conversion price per Conversion Share. The Conversion Price is subject to standard adjustment clauses which include only the following (in summary): <ul style="list-style-type: none">(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

LETTER FROM THE BOARD

- (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

- (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.

LETTER FROM THE BOARD

- 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
- (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 will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

LETTER FROM THE BOARD

- 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:
- (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

LETTER FROM THE BOARD

- (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
- (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

LETTER FROM THE BOARD

- (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 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

LETTER FROM THE BOARD

- (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 77.68% to the closing price of HK\$2.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 76.19% to the closing price of HK\$2.10 per Share as quoted on the Stock Exchange on 20 January 2010, being the date of the Subscription Agreement;
- (iii) a discount of approximately 76.42% over the average of the closing prices of HK\$2.12 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20 January 2010; and
- (iv) a premium of 100% over the audited net asset value per Share of HK\$0.25 as at 31 March 2009.

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 extremely high risks to the Subscriber;

LETTER FROM THE BOARD

- (ii) the Convertible Bonds, being free of interest, provide the Company with a cheap means to raise a funding of HK\$200 million and do not cause immediate dilution to the shareholding of the Shareholders;
- (iii) the Conversion Price represented a significant premium of 100% over the audited net asset value per Share as at 31 March 2009 and a premium of 20% over the conversion price of the CBs (without taking into account any adjustment thereto);
- (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\$0.29 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;
- (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; and
- (vii) one of the reasons to carry out the Subscription is to form a strategic alliance with Zhong He Investment, in relying on which the Company is more comfortable to invest in China Nuclear which is now under the control of Zhong He Investment,

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. By means of the Subscription, the Company will form a strategic alliance with Zhong He Investment so that the Company may have ample opportunities to learn from Zhong He Investment on how to operate concrete business in the PRC and to familiarise itself on the concrete industry in the PRC, therefore, the Directors consider that 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 Company identified the opportunity in investing in China Nuclear through the Acquisition in the first place. After starting the negotiation, the Company realised that Zhong He Investment is interested in investing in the Company through subscription of convertible bonds. Therefore, having considered that the Subscription may on one hand form a strategic alliance with Zhong He Investment and on the other hand enable the Company to have financial resources in place to carry out future acquisition opportunities, the Company decided to proceed with the Subscription. In any event, though open offer or rights issue may be other fund-raising methods alternative to other issuers, the Directors consider that they are not alternatives to the Subscription.

LETTER FROM THE BOARD

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; and
- (c) the Subscriber shall have obtained all necessary approvals from the PRC Governmental Authorities of the Subscription.

If any of the above conditions is not fulfilled on or 17 September 2010 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.

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.

Subject to completion, the Subscriber shall have the right to nominate two persons to be Directors as its representatives pursuant to the Subscription Agreement. Such nomination will go through the normal procedures of the Company in appointing Directors. The persons nominated by the Subscriber are still subject to the approval of the Board and any Director so appointed will be subject to re-election in the next annual general meeting of the Company.

Save for the right to nominate two persons to be Directors by the Subscriber upon completion of the Subscription Agreement, there is no present arrangement to change the composition of the Board.

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.

LETTER FROM THE BOARD

REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

Background of the refreshment of General Mandate

REFRESHMENT OF GENERAL MANDATE

At the annual general meeting of the Company held on 8 September 2009, the Shareholders passed ordinary resolutions in approving, among others, the General Mandate, have been passed, among others, ordinary resolutions to grant to the Directors the General Mandate to issue, allot and otherwise deal with a maximum of 72,064,324 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolutions.

Since the granting of the General Mandate to the Latest Practicable Date, the General Mandate has been utilised as to 72,000,000 Shares, representing approximately 99.91% of the aggregate number of Shares which may be allotted and issued under the General Mandate, as a result of the placing of 72,000,000 Warrants on 19 October 2009 to independent places.

There has been no refreshment of the General Mandate since the said annual general meeting. Therefore, after the placing of the Warrants, only a total of 64,324 new Shares might be further issued and allotted under the General Mandate.

Reasons for refreshment of General Mandate

In order to provide flexibility to raise funds for its future business development and/or any potential investment opportunities to be identified by the Company, the Board proposes to refresh the General Mandate for the Directors to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM. As the refreshment of General Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, under Rule 13.36(4) of the Listing Rules, the refreshment of General Mandate will be subject to Independent Shareholders' approval at the SGM.

As at the Latest Practicable Date, a total of 363,321,620 Shares were in issue. Subject to the passing of the proposed resolutions for the refreshment of General Mandate and on the basis that no Share will be issued or repurchased by the Company prior to the SGM, the Company will be allowed under the General Mandate to issue a maximum of 72,664,324 new Shares.

The Independent Board Committee, comprising Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, all being the independent non-executive Directors, has been formed to consider the refreshment of General Mandate. Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

Pursuant to Rule 13.36(4) of the Listing Rules, any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions to approve the refreshment of General Mandate to be proposed at the SGM. Accordingly, Hoylake Holdings Limited, being the controlling Shareholder, together with its associates is required to abstain from voting in favour of the resolutions in respect of refreshment of General Mandate.

SHAREHOLDING STRUCTURE

The following table shows the change in shareholding structure of the Company (a) upon full exercise of the conversion rights attaching to the Convertible Bonds and (b) on the assumption that each of the conversion rights attaching to the Convertible Bonds and the conversion rights attaching to the CBs are exercised to the extent that each of the Subscriber and the holder(s) of CBs is interested in approximately 19.99% of the enlarged issued share capital of the Company, being the threshold which does not result in a change of control within the meaning of the Takeovers Code:

Shareholder	As at the Latest Practicable Date		Assuming the conversion rights attaching to the Convertible Bonds are exercised in full while each of the conversion rights attaching to the CBs and the subscription rights attaching to the Warrants are unexercised (for illustrative purpose only)		Assuming each of the conversion rights attaching to the Convertible Bonds, the conversion rights attaching to the CBs and the subscription rights attaching to the Warrants are exercised in full at the initial Conversion Price, initial conversion price and initial subscription price, respectively (for illustrative purpose only)		Assuming each of the conversion rights attaching to the Convertible Bonds and the conversion rights attaching to the CBs are exercised to the extent that each of the Subscriber and the holder(s) of CBs is interested in approximately 19.99% of the enlarged issued share capital of the Company and the subscription rights attaching to the Warrants are exercised in full at the initial subscription price	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Hoylake Holdings Limited (Note 1)	114,240,000	31.44	114,240,000	14.97	114,240,000	11.07	114,240,000	15.86
Subscriber	-	-	400,000,000	52.40	400,000,000	38.75	143,987,157	19.99
Holder(s) of CBs (Note 2)	-	-	-	-	200,000,000	19.37	143,987,157	19.99
Holders of Warrants (Note 3)	-	-	-	-	69,000,000	6.68	69,000,000	9.58
Public	249,081,620	68.56	249,081,620	32.63	249,081,620	24.13	249,081,620	34.58
Total:	<u>363,321,620</u>	<u>100.00</u>	<u>763,321,620</u>	<u>100.00</u>	<u>1,032,321,620</u>	<u>100.00</u>	<u>720,295,934</u>	<u>100.00</u>

Notes:

- Hoylake Holdings Limited is a company wholly owned by Mr. Chan Shu Kit, an executive Director.
- No adjustment to the conversion price of the CBs, if any, has been taken into account.
- As at the Latest Practicable Date, there were 69,000,000 Warrants remain outstanding and unexercised. No adjustment to the subscription price of the Warrants, if any, has been taken into account.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As disclosed in the Announcement, the Company raised approximately HK\$81 million from the issue of the CBs and Warrants. In addition, up to the Latest Practicable Date, the Company raised additional proceeds of approximately HK\$2.7 million from the exercise of 3,000,000 Warrants by holders thereof. The following table set out the breakdown of funds raised therefrom:

	Fund raised <i>(HK\$)</i>
Issue of CBs	79,600,000
Issue of Warrants	1,400,000
Exercise of 3,000,000 Warrants	<u>2,700,000</u>
 Total:	 <u><u>83,700,000</u></u>

As stated in the circular of the Company dated 6 October 2009, the Board planned to use such proceeds to finance investment opportunities including the openings of two to three new restaurants by leasing or purchasing suitable properties (as to 75% or approximately HK\$62.775 million) and as general working capital (as to 25% or approximately HK\$20.925 million). As at the Latest Practicable Date, owing to the recent upsurge of the property market in Hong Kong, the Company has not yet leased or purchased any property for the purposes of opening new restaurants and the Directors confirm that such part of the proceeds is placed in licensed banks in Hong Kong as interest-bearing deposits while the remaining 25% of the proceeds is used by the Company as general working capital as planned.

Pursuant to the respective terms of the CB Instrument and the Warrant Instrument, each of the subscription price of the outstanding Warrants and the conversion price of the CBs may have to be adjusted when the Convertible Bonds are issued by the Company. Further announcement will be issued by the Company in this regard.

INFORMATION OF THE GROUP

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 and the Announcement, 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.

LETTER FROM THE BOARD

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

In light of the above corporate strategy, the Directors have sought to identify suitable investment opportunity to diversify its business to a section which is less susceptible to global financial market while at the same time has a steady revenue stream. China Nuclear is considered to be an appropriate investment opportunity for the Company as China Nuclear is an established enterprise which has been performing well in the past years. The concrete industry, so far as the Directors believe, will be performing well in the coming few years given that PRC will continue to undertake a lot of infrastructure and construction projects, which heavily depend on the supply of concrete.

The Acquisition is the first step for the Company to participate in the concrete industry in the PRC. Given that it is a new venture of the Company in a sector which is completely new to the Directors, the Company takes a cautious measure by acquiring a minority stake in China Nuclear through the Acquisition.

Zhong He Investment is the sole shareholder of the Subscriber and has a controlling stake in China Nuclear. In addition, the Directors may consider to acquire further interest in China Nuclear from Zhong He Investment or other shareholders of China Nuclear after having further evaluated the performance and business of China Nuclear upon completion of the Acquisition notwithstanding that as at the Latest Practicable Date and save as disclosed in this circular, there is no arrangement, agreement, understanding, intention or negotiation between Zhong He Investment and the Company in respect thereof. There is also no concrete timetable for the Company to acquire further interest in China Nuclear. Subject to the Company having evaluated the performance and business of China Nuclear upon completion of the Acquisition, the Company may consider to negotiate with Zhong He Investment and/or other shareholders of China Nuclear for such purpose. Therefore, the Directors consider that it is in the interest of the Company to undertake the Subscription so that the Company may form a strategic alliance with Zhong He Investment while at the same time raise additional funds for its future expansion including the acquisition of further interest in China Nuclear. However, the Directors have no intention to change or cease the existing business activities of the Group, namely, property investment and development, hotel and restaurant operation. It is expected that the net proceeds of up to approximately HK\$199 million can be raised from the Subscription and will be used by the Group to finance future investment opportunities (as to 75% or approximately HK\$149.25 million), including any possible acquisition of further interest in China Nuclear and as general working capital (as to 25% or approximately HK\$49.75 million).

In addition, given that:

- (a) Zhong He Investment has to seek approval from various PRC Governmental Authorities including the State Administration of Foreign Exchange in order to remit the consideration of the Subscription to the Company, which are anticipated to take several months to complete and it is anticipated that the Subscription will not be completed until the end of second quarter of this year;

LETTER FROM THE BOARD

- (b) after the appointment of Ms. Jian Qing as executive Director, who has good connection and substantial experience in identifying investment opportunities in the PRC, the Directors anticipate that it is likely that the Company would have identified further investment target at the time when the Subscription is completed;
- (c) 75% the proceeds from issue of the CBs and the Warrants will still be used for openings of new restaurants;
- (d) the general working capital requirement for the Company may be increased if the Company is to proceed with its expansion plan,

the Directors consider that the usage of proceeds from the Subscription (which are anticipated to be available only after the second quarter of this year) has been fully disclosed in this circular based on currently available information.

To the extent that no investment is identified by the Group, the amounts will be used as general working capital.

However, as at the Latest Practicable Date, the Company has not started any negotiation nor formed any kind of agreement with any other shareholder of China Nuclear in respect of acquisition of further interest in China Nuclear. As at the Latest Practicable Date, the Company has not yet identified any suitable investment opportunity other than China Nuclear.

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 Tuesday, 16 March 2010 at 3:00 p.m. or any adjournment thereof is set out from pages 32 to 34 of this circular.

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 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 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.

The resolutions 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.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 25 of this circular which contains its recommendation to the Independent Shareholders in relation to the refreshment of General Mandate; and (ii) the letter from Veda Capital, the Independent Financial Adviser set out from pages 26 to 31 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders.

As far as the Directors are aware of, no Director or Shareholder has a material interest in the Subscription and no Shareholder is required to abstain from voting in respect of the resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder. The Board considers that the terms of the Subscription Agreement are fair and reasonable and the issue of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of the ordinary resolutions to approve the Subscription Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Hoylake Holdings Limited is the controlling shareholder of the Company. Pursuant to Rule 13.36(4) of the Listing Rules, the above Shareholder will abstain from voting in favour of the ordinary resolutions in respect of the refreshment of General Mandate. The Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the refreshment of General Mandate to be proposed at the SGM.

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



TACK HSIN HOLDINGS LIMITED

德興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

26 February 2010

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 26 February 2010 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in the Circular shall have the same meanings when used herein.

We have been appointed to advise the Independent Shareholders in connection with the refreshment of General Mandate. Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are of the view that the terms of the refreshment of General Mandate, after taking into account the advice of the Independent Financial Adviser as set out from pages 26 to 31 of the Circular, are fair and reasonable so far as the Independent Shareholders are concerned, and that the refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the refreshment of General Mandate.

Yours faithfully,

Independent Board Committee

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

Independent non-executive Directors

* *For identification purposes only*

LETTER FROM VEDA CAPITAL

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of General Mandate, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F., COSCO Tower
183 Queen's Road Central, Hong Kong

26 February 2010

*To the Independent Board Committee and the Independent Shareholders of
Tack Hsin Holdings Limited*

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

We refer to the circular dated 26 February 2010 issued by the Company to the Shareholders of which this letter forms part (the “**Circular**”) and our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the Circular. Capitalised terms used in this letter, unless the context otherwise requires, shall have the same meanings ascribed to them in the Circular.

Pursuant to Rule 13.36(4) of the Listing Rules, refreshment of the General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives and their respective associates shall abstain from voting in favour of the resolution approving the refreshment of the General Mandate. Hoylake Holdings Limited, being the controlling Shareholder, together with its associates are required to abstain from voting in favour of the relevant resolution in approving the refreshment of General Mandate.

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung) has been established to advise the Independent Shareholders in respect of the refreshment of General Mandate.

LETTER FROM VEDA CAPITAL

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and management of the Company. We have no reason to believe that any information and representations relied by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true at the date of the SGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associated companies.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

Background of and reasons for the refreshment of General Mandate

The Group is principally engaged in property investment and development, hotel and restaurant operation.

At the annual general meeting of the Company held on 8 September 2009, the Shareholders passed, among others, ordinary resolution to grant to the Directors the General Mandate to issue, allot and otherwise deal with a maximum of 72,064,324 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolution. As set out in the Announcement, the Company has entered into (i) a placing agreement whereby the Company has conditionally agreed to place 72,000,000 Warrants to independent placees (the “**Warrant Placing**”); and (ii) a subscription agreement whereby the Company has conditionally agreed to issue the CBs to a subscriber (the “**CB Subscription**”). As advised by the Company, as a result of the placing of 72,000,000 Warrants on 19 October 2009 to independent placees, the General Mandate has been utilised as to 72,000,000 Shares, representing approximately 99.91% of the aggregate number of Shares which may be allotted and issued under the General Mandate.

LETTER FROM VEDA CAPITAL

As advised by the Company, as the General Mandate has almost been fully utilised, the Board proposes to seek for the Independent Shareholders' approval for the refreshment of General Mandate in order to allow flexibility for the Company to issue new Shares under the refreshed limit in the future as speedily as possible to raise funds for its future business development and/or any potential investment opportunities to be identified by the Company. As at the Latest Practicable Date, the Company had 363,321,620 Shares in issue. Subject to the passing of the resolution for the refreshment of General Mandate and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the refreshed General Mandate to allot and issue up to 72,664,324 new Shares.

As stated in the interim report of the Company for the six months ended 30 September 2009, the Group is cautiously optimistic to market outlook, and actively seeks business opportunities and closely monitor the market trend from time to time. We were advised by the Company that it is the intention of the Group to continue to expand its market share in a steady and proactive way and it is believed that such strategy will provide a solid platform for the Group to continue to expand as and when the consumer market fully recovers.

We also noted from the 1st Announcement, the Directors have sought to identify suitable investment opportunity to diversify its business to a sector which is less susceptible to global financial market while at the same time has a steady revenue stream and the Acquisition is the first step for the Company to participate in the concrete industry in the PRC. Given that it is a new venture of the Company in a sector which is completely new to the Directors, the Company takes a cautious measure by acquiring a minority stake in China Nuclear through the Acquisition. The Directors may consider to acquire further interest in China Nuclear after having further evaluated the performance and business of China Nuclear upon completion of the Acquisition.

As set out in the 2nd Announcement, the Company raised approximately HK\$81 million from the issue of the CBs and Warrants. In addition, as at the Latest Practicable Date, the Company raised additional proceeds of approximately HK\$2.7 million from the exercise of Warrants by holders thereof. As advised by the Company, the Board planned to use such proceeds to finance investment opportunities including the openings of two to three new restaurants by leasing or purchasing suitable properties (as to 75% or approximately HK\$62.78 million) and as general working capital (as to 25% or approximately HK\$20.93 million). As advised by the Company, as at the Latest Practicable Date, owing to the recent upsurge of the property market in Hong Kong, the Company has not yet leased or purchased any property for the purposes of opening new restaurants and the Directors confirm that such part of the proceeds is placed in licensed banks in Hong Kong as interest-bearing deposits while the remaining 25% of the proceeds is used by the Company as general working capital as planned. As set out in the Board Letter, it is expected that the net proceeds of up to approximately HK\$199 million can be raised from the Subscription and will be used by the Group to finance future investment opportunities (as to 75% or approximately HK\$149.25 million), including any possible acquisition of further interest in China Nuclear and as general working capital (as to 25% or approximately HK\$49.75 million).

LETTER FROM VEDA CAPITAL

We noted from the interim report of the Company for the six months ended 30 September 2009, the Group recorded cash and cash equivalents and total assets of approximately HK\$33.10 million and approximately HK\$124.74 million respectively as at 30 September 2009 and the cash to total assets ratio was approximately 26.54%. Taking into account the net proceeds of approximately HK\$83.70 million from the issue of CBs and Warrants and the exercise of the Warrants, the cash and cash equivalents and total assets have both been increased by such net proceeds and the cash to total assets ratio have increased to approximately 56.04% (the “**Adjusted Ratio**”). As advised by the Company, the Subscription, which is conditional upon, among others, obtaining approvals from the Shareholders and from the relevant PRC regulatory authorities, is not expected to be completed until the third quarter of the year 2010 and the current cash level may not be able to maintain at the time of completion of the Subscription. Also advised by the Company that the Directors have no intention to change or cease the existing business activities of the Group, namely property investment and development, hotel and restaurant operation.

We are aware of the Adjusted Ratio of approximately 56.04% which implies the cash level of the Group represents more than half of the total asset of the Group, however, having taken into account that (i) the General Mandate has almost been fully utilised; (ii) the remaining 75% of the net proceeds from the issue of the CBs and Warrants is intended to be used to finance investment opportunities including the openings of two to three new restaurants by leasing or purchasing suitable properties; (iii) the Company has been actively exploring investment opportunities; and (iv) the Subscription is not expected to be completed until the third quarter of the year 2010 and is subject to, among others, the approval from the relevant PRC regulatory authorities, of which the timing for procuring the relevant approval is out of the control of the Company, we are of the view that the refreshment of General Mandate will provide a financial flexibility to the Company to raise capital in a simpler and less lead time process and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner when suitable opportunities arise. In addition, we also consider there is no certainty that existing cash and facility resources will be adequate for any appropriate investment that may be identified by the Company in the future and it has no harm to an operating company to get ready and seek for additional alternative for potential fundraising in the future in particular the Company has been seeking for potential investment opportunities, additional funding may still be needed in a timely manner when necessary for financing future investments should suitable investment opportunities arise given that the investment decisions and deposits or initial payments may have to be made immediately on the date of entering into an agreement, framework agreement or memorandum of understanding should suitable opportunities arise. As such, we consider the refreshment of General Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM VEDA CAPITAL

Other financing alternatives

As debt financing may incur interest burden to the Group, the Directors consider that equity financing such as issuance of new Shares for cash or equity swaps may be appropriate means to fund the potential investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group, given the Group's financial position, capital structure, cost of funding and the then financial market condition. The Directors will also consider other financing methods such as debt financing or internal cash resources to fund future business development of the Company, if appropriate, after taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the then market condition.

We consider that the refreshment of General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance. As such, we are of the view that the refreshment of General Mandate will be in the interests of the Company and the Independent Shareholders as a whole.

Potential dilution to shareholdings of the Independent Shareholders

Set out below is a table showing the shareholdings of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings upon full utilisation of the refreshed General Mandate assuming no Shares will be issued or repurchased during the period between the Latest Practicable Date and the date of the SGM:

Shareholders	As at the Latest Practicable Date		Immediately upon full utilisation of the refreshed General Mandate	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
	—	—	—	—
Hoylake Holdings Limited <i>(Note)</i>	114,240,000	31.44	114,240,000	26.20
Independent Shareholders	249,081,620	68.56	249,081,620	57.13
Additional Shareholders upon full utilisation of the refreshed General Mandate	—	—	72,664,324	16.67
Total:	<u>363,321,620</u>	<u>100.00</u>	<u>435,985,944</u>	<u>100.00</u>

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

LETTER FROM VEDA CAPITAL

As illustrated in the table above, the existing aggregate shareholding of the Independent Shareholders will decrease from approximately 68.56% as at the Latest Practicable Date to approximately 57.13% upon full utilisation of the refreshed General Mandate, assuming no Shares will be issued or repurchased during the period between the Latest Practicable Date and the date of the SGM. Taking into account that (i) the refreshment of General Mandate will provide an alternative to increase the amount of capital which may be raised under issuance of the new Shares under the refreshed General Mandate; (ii) the refreshed General Mandate will provide more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilisation of the refreshed General Mandate, we consider such dilution or potential dilution to shareholdings of the Independent Shareholders to be justifiable.

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that the refreshment of General Mandate is in the interests of the Company and Independent Shareholders as a whole, and is fair and reasonable. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the refreshment of General Mandate to be proposed at the SGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the refreshed General Mandate is utilised.

Yours faithfully,

For and on behalf of

Veda Capital Limited

Hans Wong

Chairman

Julisa Fong

Managing Director

NOTICE OF SPECIAL GENERAL MEETING



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 Tuesday, 16 March 2010 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

1. “**THAT**

- (a) the Subscription Agreement (as defined in the circular dated 26 February 2010 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 20 January 2010 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\$200,000,000, and all the transactions contemplated thereunder, be and are 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 400,000,000 new ordinary shares of HK\$0.10 each in the share capital of the Company at HK\$0.50 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*

NOTICE OF SPECIAL GENERAL MEETING

- (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 out and implement the Subscription Agreement and all the transactions contemplated thereunder into full effect.”

2. **“THAT**

- (a) the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and dispose of additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or disposed of during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company or (iv) the exercise of subscription rights attaching to any warrants issued by the Company and from time to time outstanding, the total nominal amount of additional shares to be issued, allotted, disposed of or agreed conditionally or unconditionally to be issued, allotted or disposed of (whether pursuant to an option or otherwise) shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and
- (b) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in a general meeting; and

NOTICE OF SPECIAL GENERAL MEETING

- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the laws of Bermuda to be held.”

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

Hong Kong, 26 February 2010

*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 26th Floor, 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.