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 a licensed securities dealer, 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee.

TACK HSIN HOLDINGS LIMITED
(德興集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

MAJOR ACQUISITION
INVOLVING ISSUE OF CONVERTIBLE BONDS
AND
NOTICE OF SPECIAL GENERAL MEETING

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 Monday, 29 August 2011 at 3:00 p.m., is set out on pages 154 to 155 of this circular.

A form of proxy for the special general meeting is enclosed herewith. 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 from of proxy will not preclude you from attending and voting at the special general meeting should you so wish.

* *For identification purposes only*

12 August 2011

CONTENTS

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

"2009 CBs"	the zero coupon rate unsecured redeemable convertible bonds in the principal amount of HK$80,000,000 issued by the Company on 16 November 2009
"2009 Warrants"	a total number of 72,000,000 unlisted warrants issued by the Company on 19 October 2009, of which 94,354,839 warrants (as adjusted on 17 March 2011 due to the issue of the 2011 CBs) are still outstanding as at the Latest Practicable Date
"2011 CBs"	the zero coupon rate unsecured redeemable convertible bonds in the principal amount of HK$200,000,000 issued by the Company on 17 March 2011
"Acquisition"	acquisition of the Sale Shares by the Company pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional sale and purchase agreement dated 23 December 2010 and entered into between the Vendor as vendor and the Company as purchaser as amended and supplemented by the First Supplemental Agreement and the Second Supplemental Agreement
"Announcements"	the announcements of the Company dated 23 December 2010, 29 December 2010 and 13 May 2011, respectively, in relation to the Acquisition Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"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 First Supplemental Agreement
"business day"	means a day on which the Stock Exchange is open for the trading of securities
"Bye-laws"	the bye-laws of the Company, as amended from time to time

"China Nuclear"	中國核工業二三建設有限公司, transliterated as China Nuclear Industry 23 Construction Company Limited
"Company"	Tack Hsin Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed and traded on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	consideration for the Acquisition, being the amount of HK$200,000,000 to be satisfied by the issue of the Convertible Bonds and the payment of HK$80,000,000 in cash
"Conversion"	the conversion of Zhangjiagang Libaite from a limited liability company to Zhong He Libert, a joint stock limited company which was completed on 31 January 2011
"Conversion Price"	initial conversion price of HK$1.20 per Share but subject to standard adjustment clauses in the Bond Instrument
"Conversion Shares"	the shares of the Company which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
"Convertible Bonds"	zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$120,000,000 convertible into Shares, to be constituted by the Bond Instrument
"Director(s)"	the director(s) of the Company
"East King"	East King International Enterprises Limited, a company incorporated in Hong Kong with limited liability, whose entire issued share capital is owned by an Independent Third Party

"East King Agreement"	the sale and purchase agreement dated 13 May 2011 entered into between the legal and beneficial owner of the entire issued share capital of East King, an Independent Third Party, and Well Link pursuant to which Well Link shall acquire the entire issued share capital of East King
"Enlarged Group"	the Group and Well Link
"Equity Transfer Agreement"	the equity transfer agreement dated 28 November 2010 and entered into between Well Link and East King, pursuant to which East King has conditionally agreed to sell, and Well Link has conditionally agreed to purchase, 15% equity interest in Zhangjiagang Libaite (or Zhong He Libert after completion of the Conversion), subject to the terms and conditions therein
"First Supplemental Agreement"	the supplemental agreement dated 29 December 2010 entered into between the Company and the Vendor to amend and supplement the sale and purchase agreement dated 23 December 2010 entered into between the Company and the Vendor in respect of the Acquisition, details of which are contained in the announcement of the Company dated 29 December 2010
"Group"	the Company and its subsidiaries
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Parties"	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries and their respective associates, and an "Independent Third Party" means any of them
"Invested Entity"	any entity in which any member of the Group holds any equity interest
"Issue Date"	the date of issue of the Convertible Bonds

"Latest Practicable Date"	10 August 2011, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2011 or such later date or time as the Company and the Vendor may agree in writing
"Memorandum"	the memorandum of association of the Company, as amended from time to time
"PRC"	People's Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, Macau Special Administrative Region and Taiwan
"Sale Shares"	one share of US$1.00 each in the share capital of Well Link, being its entire issued share capital as at the date of the Acquisition Agreement and as at the date of Completion
"Second Supplemental Agreement"	the supplemental agreement dated 13 May 2011 entered into between the Company and the Vendor to amend and supplement the sale and purchase agreement dated 23 December 2010 entered into between the Company and the Vendor in respect of the Acquisition as amended by the First Supplemental Agreement, details of which are contained in the announcement of the Company dated 13 May 2011
"SGM"	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 Monday, 29 August 2011 at 3:00 p.m.
"Shanghai Libaite"	上海利柏特投資有限公司, transliterated as Shanghai Libaite Investment Co. Ltd.
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Shenzhen Hua Rui"	深圳市華瑞投資有限公司, transliterated as Shenzhen Hua Rui Investment Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong
"US"	the United States of America
"US$"	United States dollars, the lawful currency of the United States
"Vendor"	Shining Rejoice Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is owned by Ms. Jiang Hailing, an Independent Third Party
"Well Link"	Well Link Capital Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is owned by the Vendor
"Zhangjiagang Libaite"	張家港保稅區利柏特鋼製品有限公司 (Zhangjiagang FTZ Libaite Steel Products Co., Ltd.), a limited liability company established in the PRC
"Zhong He Libert"	江蘇中核利柏特股份有限公司 (Jiangsu China Nuclear Industry Libert INC.), a joint stock limited company incorporated in the PRC as a result of the Conversion
"%"	per cent.

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. Chan Ho Man
Ms. Jian Qing
Mr. Chung Chi Shing
Mr. Han Naishan (appointed on 27 June 2011)
Mr. Lei Jian (appointed on 27 June 2011)

Independent Non-executive Directors:
Mr. Kung Fan Cheong
Mr. Chan Ka Ling, Edmond
Mr. Lo Kin Cheung
Mr. Chang Nan (appointed on 27 June 2011)
Dr. Dai Jinping (appointed on 27 June 2011)

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

12 August 2011

To the Shareholders, and for information only, holders of 2009 Warrants and 2011 CBs

Dear Sir or Madam,

MAJOR ACQUISITION INVOLVING ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

References are made to the Announcements regarding the Acquisition Agreement and the transactions contemplated thereunder.

The main purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition Agreement, the issue of the Convertible Bonds and the issue of the Conversion Shares; and (ii) notice of the SGM.

* *For identification purposes only*

MAJOR ACQUISITION INVOLVING THE ISSUE OF CONVERTIBLE BONDS

THE ACQUISITION AGREEMENT

Date	23 December 2010 (original agreement) 29 December 2010 (First Supplemental Agreement) 13 May 2011 (Second Supplemental Agreement)
Parties	Vendor: Shining Rejoice 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 owner, Ms. Jiang Hailing, are Independent Third Parties.

Assets acquired under the Acquisition Agreement

Sale Shares, being one share of US$1.00 each in the share capital of Well Link (representing its entire issued share capital).

Upon Completion, Well Link will become a wholly-owned subsidiary of the Company and the financial information of Well Link will be consolidated into the accounts of the Group. The sole asset of Well Link is its indirect 25% interests in Zhong He Libert which is accounted as an associated company.

Consideration

The Consideration of the Acquisition, which is HK$200,000,000, shall be satisfied by the issue of the Convertible Bonds in the principal amount of HK$120,000,000 convertible into 100,000,000 Shares at the Conversion Price of HK$1.20 per Share and payment of HK$80,000,000 in cash on Completion. In determining the Conversion Price of the Convertible Bonds, the Directors have taken into account the net liabilities per Share in the amount of HK$1.145 as at 30 September 2010.

The Consideration (including the Conversion Price) was determined after arm's length negotiations between the parties to the Acquisition Agreement as amended by the First Supplemental Agreement and the Second Supplemented Agreement after taking into account a number of factors including the uniqueness of the business nature, the business prospects, financial position and performance and future prospects of Zhangjiagang Libaite (or Zhong He Libert upon completion of the Conversion), the prevailing market price of the Shares and net liabilities per Share. The Board considers that the transfer of 10% interest from Shanghai Libaite to China Nuclear and 5% interest from East King to Shenzhen Hua Rui are beneficial to Zhong He Libert and the Conversion will provide flexibility to Zhong He Libert for future fund raising if the opportunity shall arise. The Board also considers that by having China Nuclear as a strategic investor of Zhong He Libert, it will create synergy to the existing business of Zhong He Libert. Also, since the scale of China Nuclear is relatively large, and it is technically strong, highly reputable and is a State-owned enterprise and that one of the directors of Zhong He Libert can be nominated by China Nuclear, it will contribute to the future growth and development of Zhong He Libert. Given China Nuclear's background as set out in the paragraph headed "Zhangjiagang Libaite and Zhong He Libert" and that it is awarded as the main contractor for construction of nuclear plant, it can refer its customers or business associates to Zhong He Libert if such customers or business associates shall require the expertise and products of Zhong He Libert. Also, the subsidiary of China Nuclear has established business relationship with Zhong He Libert since April 2010 and it is expected that such business relationship will continue in the future, such information is disclosed in the paragraph headed "Zhong He Libert (i) For the period from 1 January 2011 to 30 April 2011" of Appendix IV of Management Discussion and Analysis on page 131 of this circular.

Brief information of China Nuclear is set out below and also in the paragraph headed "Zhangjiagang Libaite and Zhong He Libert" of page 20 of this circular.

In addition, for the Company's internal reference, the Company also engaged Asset Appraisal Limited (the "Independent Valuer"), an independent valuer, to conduct a valuation on Zhong He Libert (Note that the valuation report made references to Zhangjiagang Libaite as the name was not yet changed to Zhong He Libert when the report was prepared) which gave a fair value of the 15% equity interest of Zhong He Libert (being the interest the Company initially intended to acquire prior to the entering of the Second Supplemental Agreement) of approximately HK$113 million. Data used in preparing the valuation report was up to 31 December 2010 and the Independent Valuer has subsequently conducted the valuation of Zhong He Libert with those data. As certain information was required to finalise the valuation report, the valuation report was dated 28 January 2011. The valuation report was prepared for the Board's reference in relation to the Consideration of the Second Supplemental Agreement. The valuation of Zhong He Libert for 25% would be approximately RMB161 million or HK$188 million as disclosed below using the same basis adopted by Valuer.

Having conducted the on-site visit and discussion with Company, the Independent Valuer adopted the market approach in valuing Zhong He Libert. The Independent Valuer also considered two other approaches, the asset based approach and the income approach. However, the Independent Valuer considered that (i) the asset based approach is not appropriate as it disregards the economic benefits of the assets of Zhong He Libert; and (ii) the income approach is also not appropriate as it involves adoption of more assumptions which cannot be all easily quantified and ascertained. Under the market approach, the Independent Valuer selected seven comparable listed companies (the "Comparables") which are (i) principally engaged in manufacture, production and installation of steel structure; and (ii) distribute products mainly in domestic PRC markets, and therefore in the view of the Independent Valuer, have similar business nature of Zhong He Libert. The Independent Valuer employed the Enterprise Value to Earnings Before Interest Taxation Depreciation and Amortization (the "EV/EBITDA") based on publicly available information of the Comparables.

The Independent Valuer considers that EV/EBITDA is the most appropriate multiple for valuing the equity interest of Zhong He Libert because (i) Zhong He Libert and the Comparables are engaging in similar lines of business, the measure of EBITDA provides a good proxy of profitability of the business from core business operations with the minimum degrees of adjustments by various accounting treatments, especially where the business operations in question are involving huge capital investment on fixed assets; and (ii) it is capital structure-neutral.

The EV/EBITDA of the Comparables were found between 17.46 times and 75.48 times and the Independent Valuer has multiplied the median of 20.67 times by the EBITDA of Zhong He Libert of approximately RMB37.5 million according to the management account for the year ended 31 December 2010. According to the management account for the year ended 31 December 2010 used by the Independent Valuer in appraising the value of Zhong He Libert, the EBITDA of approximately RMB37.5 million was arrived from the gross profit of Zhong He Libert of approximately RMB28.9 million which was arrived from the turnover less the cost of sales and added back the amount of approximately RMB13.7 million, being the aggregate amount of depreciation and amortization, and deducted the administrative expenses of approximately RMB5.1 million. In addition, the EV/EBITDA was derived by taking enterprise price value of the Zhong He Libert divided it by its EBITDA over the latest reported 12-month operating period prior to the issuance of the valuation report. EV is defined as the fair value of market capitalization plus total of interest bearing debts and minority interest minus cash of a business enterprise. The Independent Valuer arrived at the EV/EBITDA of each of the Comparables based on their market share prices as established in the trading through the stock exchange as well as their financial data as reported in their latest publicly announced annual reports prior to the issuance of the valuation report. Since the EV/EBITDA of the Comparables range widely, therefore, the Independent Valuer used the median of 20.67 of EV/EBITDA. The result was added with a net cash of approximately RMB30 million and then discounted by 20% for the lack of marketability. The Independent Valuer applied a marketability discount of 20% to the assessed value in the valuation of Zhong He Libert because there is a lack of marketability in a private company. Marketability is defined as the ability to convert the business into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists. Several empirical studies have been published that attempt to quantify the discount for lack of marketability. These studies include the restricted stock studies and the pre-IPO studies, such as Emory Pre-IPO Discount Studies. In consideration of these factors, the Independent Valuer therefore adopted a marketability discount of 20%. As such, the valuation of the total equity interest of Zhong He Libert was RMB644 million (proportionately, the 25% equity interest of Zhong He Libert should be approximately RMB161 million or HK$188 million).

The Independent Valuer, having considered certain factors of Zhong He Libert including but not limited to the business nature, financial condition, market, industry and economy, adopted the following principal assumptions when conducting the valuation:

i. there would be no major change in the existing political, legal and economic conditions in which Zhong He Libert is being operated;

ii. the interest rates and exchange rates would not differ materially from those presently prevailing;

iii. Zhong He Libert would have uninterrupted rights to operate its existing business during the unexpired term of its authorized enterprise operating period;

iv. the production facilities, systems and the technology utilized by Zhong He Libert in carrying out its existing businesses do not infringe any relevant regulations and law;

v. Zhong He Libert has obtained all necessary permits and approvals to carry out its business and its ancillary services and should be entitled to renew those permits and approvals upon their expiry subject to no legal impediment and costs of substantial amount;

vi. except those stated in the financial statements, Zhong He Libert is free and clear of any lien, charge, option, pre-emption rights or other encumbrances or rights whatsoever;

vii. Zhong He Libert should have secured and retained competent management, key personnel, marketing and technical staff to carry out and support their business operations;

viii. the estimated fair value does not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary business enterprise value of Zhong He Libert; and

ix. there would be no material changes in the Company's business strategy and its production structure.

Furthermore, the Company has also considered the accountants' report of Zhong He Libert which recorded a steady growth of its turnover for the three years ended 31 December 2010 and a significant growth of its turnover for the four-month period ended 30 April 2011 relative to the same period in 2010. The Directors consider that the terms of the Acquisition are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

According to the paragraph headed "Material Uncertainties relating to the Going Concern Basis of Well Link" on page 33 of this circular, the reporting accountants, HLB Hodgson Impey Cheng ("HLB"), provided that it would draw the attention to the Company with respect to the accumulated losses and net liabilities of Well Link but without qualifying its opinion. Well Link has informed the Company that the outstanding amount due to its sole shareholder was incurred as administrative expenditure for setting up Well Link. Furthermore, such outstanding amount has been settled. The Company has considered HLB's accountants' report and has also considered the terms and conditions provided in the Acquisition Agreement pursuant to which the Vendor is required to provide the unaudited consolidated balance sheet and income statements of Well Link for the period from 1 January 2011 up to the date immediately before the date of completion of the Acquisition (the "Management Accounts"). It is further provided in the Acquisition Agreement that the Vendor has given its representations, warranties and undertakings on the Management Accounts, including, amongst others, there being no material commitments on capital account or material liabilities. After settlement of the outstanding liabilities, the Management Accounts will not provide such accumulated losses and liabilities and Well Link will be continued as a going concern after completion of the Acquisition, otherwise the Vendor will be in breach of its representations, warranties and undertakings pursuant to the Acquisition Agreement. Since the outstanding amount has been settled and the Management Accounts will be provided, the Board considers that the matters brought up in the audit opinion of HLB will not affect its assessment on the Acquisition.

Accordingly, the Directors consider the terms of the Acquisition (including the Conversion Price) set out in the Acquisition Agreement to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Convertible Bonds

The Convertible Bonds are for the principal amount of HK$120,000,000 convertible into Conversion Shares at the Conversion Price of HK$1.20 per Share (subject to adjustment). No conversion right attached to the Convertible Bonds can be exercised during the first twelve months from the Issue Date. Conversion rights may be exercised at any time during the period commencing from the first anniversary of the Issue Date up to but excluding the date which is five business days prior to the date falling three years from the Issue Date.

Upon full exercise of the conversion rights attached to the Convertible Bonds, assuming at the initial Conversion Price of HK$1.20 per Share, the Company will issue 100,000,000 Convertible Shares, representing (i) approximately 17.63% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 14.99% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares (assuming there is no other change to the issued share capital of the Company).

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 Convertible Bonds are to be issued to the Vendor upon Completion in registered form and constituted by the Bond Instrument, substantially in the form set out in the Acquisition 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$120 million
Issue price	:	100% of the principal amount of the Convertible Bonds in satisfaction of the Consideration for the Acquisition
Interest rate	:	The Convertible Bonds do not bear any interest
Maturity date	:	Three years from the Issue Date
Conversion Price	:	HK$1.20 per Share, being the initial Conversion Price per Conversion Share but subject to standard adjustment clauses including consolidation or subdivision of the Shares, capitalisation of profits or reserves, capital distributions, issue of shares and other securities by way of rights and issue of new Shares at a price which is less than 90% of the then market price of the Shares
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$6,000,000
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	:	Conversion right attached to the Convertible Bonds can be exercised at any time during the period commencing from the first anniversary of the Issue Date up to but excluding the date which is five business days prior to the date falling three years from the Issue Date provided that no conversion right shall be exercised if it will result in (i) a change of control of the Company within the meaning of the Takeovers Code; or (ii) 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
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 (the "**Bondholders**") of not less than 66% of the outstanding principal amount of the Convertible Bonds shall (subject to its rights under this 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 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 (the "**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

(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

(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 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 its Shares suspended for trading for a period of more than 20 consecutive trading days and the Company is unable to provide a reason therefor.

The Conversion Price represents:

(i) a discount of approximately 61.66% to the closing price of HK$3.13 per Share as quoted on the Stock Exchange on 23 December 2010, being the date of the Acquisition Agreement and the last day of trading before the entering into of the Supplemental Agreement;

(ii) a discount of approximately 64.09% over the average of the closing prices of HK$3.342 per Share as quoted on the Stock Exchange for the last five trading days up to and including 23 December 2010;

(iii) a discount of approximately 49.79% to the closing price of HK$2.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(iv) a discount of approximately 51.81% over the average of the closing prices of HK$2.49 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date.

Conditions precedent

Completion shall be conditional on the following conditions having been fulfilled:

(a) the Company having completed due diligence exercise on each of Well Link, Zhangjiagang Libaite, Zhong He Libert and East King and satisfied with the results thereof;

(b) the Shareholders having approved the Acquisition Agreement and the transactions contemplated thereunder (including the issue and allotment of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds) at the SGM;

(c) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange;

(d) the Conversion having been duly completed;

(e) the Equity Transfer Agreement having been terminated by Well Link and East King;

(f) the East King Agreement having been duly completed in accordance with its terms (including payment of consideration by Well Link to Vendor thereunder) and East King having become a wholly owned subsidiary of Well Link; and

(g) the obtaining by the Company of a legal opinion from the Vendor's PRC counsel, which shall be a reputable law firm in the PRC acceptable to the Company, opining to the satisfaction of the Company on (a) the due and valid establishment and continued existence of Zhangjiagang Libaite; (b) Zhangjiagang Libaite has obtained all necessary approvals, permits and licences required under the laws of the PRC for the purpose of carrying on the business set out in the scope of business in its business licence and such approvals and permits remain valid; (c) the Conversion having been duly completed and Zhong He Libert has a registered capital of approximately RMB289,090,000; (d) the due and valid establishment and continued existence of Zhong He Libert; (e) Zhong He Libert has obtained all necessary approvals, permits and licences required under the laws of the PRC for the purpose of carrying on the business set out in the scope of business in its business licence and such approvals and permits remain valid; and (f) East King is the equity owner of Zhong He Libert with 25% equity interest therein.

If any of the above conditions shall not have been fulfilled by the Long Stop Date, the parties shall use their reasonable endeavour to discuss on the extension of the Long Stop Date and failing agreement on the extension, the Acquisition Agreement and everything therein contained shall, subject to the liability of any party to the others in respect of any antecedent breaches of the terms hereof, be null and void and of no effect.

As of the Latest Practicable Date, the above conditions (d) and (e) have been fulfilled.

Completion

Completion will take place on the second business day after satisfaction/waiver, as the case may be, of the conditions as set out in the Acquisition Agreement (or such other time as the parties may agree).

Issue of the Conversion Shares

The Acquisition 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.

The Directors expect that the Acquisition will not result in a change of control of the Company.

SHAREHOLDING STRUCTURE

The following table shows the change in shareholding structure of the Company upon full exercise of the conversion rights attached to the Convertible Bonds at the Conversion Price:

	As at the Latest Practicable Date		**Assuming the conversion rights attached to the Convertible Bonds are exercised in full while the conversion rights attached to the 2011 CBs and the subscription rights attached to the outstanding 2009 Warrants are unexercised**		**Assuming the conversion rights attached to the Convertible Bonds, the conversion rights attached to the 2011 CBs and the subscription rights attached to the outstanding 2009 Warrants are exercised in full at the initial Conversion Price, initial conversion price and initial subscription price, respectively**	
Shareholder	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Hoylake Holdings Limited *(Notes 1 & 4)*	114,240,000	20.14	114,240,000	17.12	114,240,000	9.84
Vendor and parties acting in concert with it *(Note 4)*	–	–	100,000,000	14.99	100,000,000	8.61
Holder(s) of 2011 CBs *(Notes 2 & 4)*	–	–	–	–	400,000,000	34.43
Holders of 2009 Warrants *(Notes 3 & 4)*	–	–	–	–	94,354,839	8.12
Public	453,081,620	79.86	453,081,620	67.89	453,081,620	39.00
Total:	567,321,620	100.00	667,321,620	100.00	1,161,676,459	100.00

Notes:

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

2. No adjustment to the conversion price of the 2011 CBs, if any, has been taken into account.

3. As at the Latest Practicable Date, 94,354,839 of such warrants remain outstanding and unexercised. As announced by the Company on 1 April 2011, the subscription price of the 2009 Warrants was adjusted from HK$0.90 per Share to HK$0.62 per Share as a result of the issue of the 2011 CBs.

4. There is no relationship between (i) the Vendor and Ms. Jiang Hailing; (ii) Hoylake Holdings Limited and Mr. Chan Shu Kit; (iii) the subscriber of the 2011 CBs; and (iv) the holders of the outstanding 2009 Warrants, and they are independent of each other. The Vendor and Ms. Jiang Hailing are not acting in concert with any of the Shareholders within the meaning of the Takeovers Code.

INFORMATION OF THE GROUP

The Group is principally engaged in property investment and development, hotel and restaurant operations. It is the corporate strategy of the Group to continue to identify investment opportunities with the aim 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. It is the intention of the Group to continue to expand its market share in a steady and proactive way. It is believed that such strategy will provide a solid platform for the Group to continue to expand as and when appropriate.

INFORMATION OF THE VENDOR

The Vendor is an investment holding company. Its entire issued share capital is held by Ms. Jiang Hailing, an Independent Third Party.

INFORMATION OF WELL LINK, EAST KING, ZHANGJIAGANG LIBAITE AND ZHONG HE LIBERT,

Well Link

Well Link was incorporated in the British Virgin Islands on 26 October 2010. It is an investment holding company. Save for entering into and termination of the Equity Transfer Agreement and entering into the East King Agreement, Well Link has not carried out any business activity. On 13 May 2011, the Equity Transfer Agreement was terminated and the East King Agreement was entered into between Well Link and the legal and beneficial owner of the entire issued share capital of East King, who is an Independent Third Party and to the best knowledge, information and belief of the Company, after having made all reasonable enquiries, is also independent to the Vendor. Pursuant to the East King Agreement, Well Link conditionally agreed to acquire the entire issued share capital of East King at a consideration of HK$180,000,000. East King is the current holder of 25% equity interest in Zhong He Libert. Upon fulfillment of the conditions precedent in the Acquisition Agreement, East King, being a holder of 25% equity interest in Zhong He Libert, will have become a wholly owned subsidiary of Well Link.

Well Link and East King will become wholly-owned subsidiaries of the Company and results of Well Link and East King will be consolidated into the accounts of the Group upon Completion.

East King

East King was incorporated in Hong Kong with limited liability on 7 April 2005. It is an investment holding company and the only asset of East King are 25% equity interest in Zhong He Libert.

Zhangjiagang Libaite and Zhong He Libert

Zhangjiagang Libaite was established in the PRC as a limited liability company on 20 October 2006. Its initial registered capital was US$4.8 million which was subsequently increased to US$7.2 million. It was initially owned as to 70% by Shanghai Libaite and 30% by East King. Pursuant to a share transfer agreement dated 10 April 2010, East King transferred its 5% interests in Zhangjiagang Libaite to Shenzhen Hua Rui at a consideration of RMB1,500,000 which has been paid by Shenzhen Hua Rui. Such consideration has made reference to the consultancy fees of Shenzhen Hua Rui's duties acting as the consultant of Zhangjiagang Libaite and its shareholders, if Shenzhen Hua Rui is unable to fulfill its duties, East King has the right to repurchase such interests. Shenzhen Hua Rui's duties as a consultant to Zhangjiagang Libaite include advising Zhangjiagang Libaite and its shareholders on its development strategies, Conversion, business model, corporate governance, management system, corporate finance and investment and business reorganisation. The Conversion from Zhangjiagang Libaite to Zhong He Libert has completed. During the process of Conversion, China Nuclear has acquired 10% interests of Zhangjiagang Libaite held by Shanghai Libaite and has become a shareholder of Zhong He Libert. Since China Nuclear is a State-owned enterprise, it is well-positioned and has owned quality assets and business which are beneficial to the strategic development of Zhong He Libert. China Nuclear hereby acquired production resources, which is beneficiary for its industrial expansion strategy, and received income on capital appreciation. Upon completion of the said transfer, Zhangjiagang Libaite was owned as to 60% by Shanghai Libaite, 25% by East King, 10% by China Nuclear and 5% by Shenzhen Hua Rui. As such, China Nuclear is able to implement its expansion policy by acquiring resources for its production and is able to achieve its capital appreciation.

Pursuant to a share transfer agreement dated 26 September 2010, Shanghai Libaite transferred 10% of its interests in Zhangjiagang Libaite to China Nuclear. China Nuclear is the largest nuclear industry installation corporation in China. It was established in 1958 and is a State-owned enterprise. The shareholder of China Nuclear is 中國核工業建設股份有限公司 (transliterated as China Nuclear Engineering Corporation Co., Ltd.) which is owned by 中國核工業建設集團公司 (transliterated as China Nuclear Engineering Group Co.) and by 中廣核工程有限公司 (transliterated as China Nuclear Power Engineering Co., Ltd.) which is owned by 中國廣東核電集團有限公司 (transliterated as China Guangdong Nuclear Power Group Co. Ltd.). China Nuclear Engineering Group Co., is listed number two of the list of companies of the State-owned enterprise of the PRC (www.sasac.gov.cn/n1180/n1226/n2425). China Nuclear is awarded by the PRC government as the main contractor for construction of nuclear plant with first class qualification. During more than fifty years of development, China Nuclear built all nuclear military projects, nuclear power projects and nuclear research projects in China and has been engaged in both nuclear power projects and non-nuclear projects such as petrochemical and electrical installation projects. It has been awarded national prizes including the Luban Prize. China Nuclear has co-operated with participants of the industry in other countries such as France, U.S., U.K., Germany, Japan, Canada. (www.cni23.com)

On 31 January 2011, Zhong He Libert was incorporated through the Conversion. The reason for the Conversion is that if there will be a suitable opportunity for it to be listed, it will be able to expand its business through fund raising and will also be able to expand and improve the development of its business, structure and governance and to build up its brand name so as to be more competitive in the market. According to Zhong He Libert, it has undergone the Conversion pursuant to its Articles of Association which provides that its shares can be issued to the public. The Company has been informed by Zhong He Libert that such Conversion is for the purpose of capital raising if any opportunity for future development shall arise and has no effect of its operations, and therefore is in the interests of its shareholders. As confirmed by Zhong He Libert, there is currently no concrete plan on the listing of the shares of Zhong He Libert in the PRC as of the date hereof. Since the Conversion has completed, it does not have any impact on the Acquisition. As at the Latest Practicable Date, the entire issued share capital of Zhong He Libert of RMB289,091,118 is owned as to 25% by East King, 10% by China Nuclear, 60% by Shanghai Libaite and 5% by Shenzhen Hua Rui. China Nuclear is a strategic investor of Zhong He Libert and according to the articles of Zhong He Libert, it can nominate one director to its board of directors. Shenzhen Hua Rui is a consultant to Zhong He Libert. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, China Nuclear is the sole shareholder of the holder of the 2011 CBs. To the best knowledge, information and belief of the Company, after having made all reasonable enquiries, the other two shareholders of Zhong He Libert, namely Shanghai Libaite and Shenzhen Hua Rui, China Nuclear and the holders of the 2011 CBs, China Nuclear Industry 23 Construction (Hong Kong) Company Limited (中國核工業二三建設(香港)有限公司) and China He Investment (Hong Kong) Company Limited (中核投資(香港)有限公司), are independent to the Vendor. Save as disclosed above, all of the existing shareholders of Zhong He Libert are Independent Third Parties. The articles of association of Zhong He Libert provides, among other things, as follows:

(a) all of its shareholders may not dispose of or pledge their respective shares in Zhong He Libert within three years from its date of incorporation; and

(b) East King is entitled to nominate one director out of a total of seven directors of Zhong He Libert and the vice-chairman of the board of directors of Zhong He Libert.

Zhong He Libert is principally engaged in the manufacture and sale of pipes and related equipment for uses by chemical plants in the PRC and overseas. These includes the production and assembling of modules for chemical plant, special purpose built components, cold chambers, steel tanks/silos, structural steel fabrication, boil pipes, duplex phase stainless tubes, heat exchange tubes, high and low voltage heater tubes, industrial pipes, nuclear power tubes/strips/sheets/coils, corrosion resisting alloy and high temperature resisting alloy tubes. The products are mainly applied in petroleum, chemical, natural gas, electric equipment manufacturing and other industries. Revenue is mainly generated from (i) production of the parts and components of the modules; (ii) assembling the parts and components of the modules according to the customer's specifications or own design; and (iii) developing and designing of the module for its customers.

The production site of Zhong He Libert situates at Zhangjiagang Free Trade Zone, Jiangsu Province, the PRC with total area of approximately 103,979 square meters in which about ten blocks of workshops and offices, warehouse, inspection, training and other facilities are erected which are used for its production and business. Zhong He Libert will produce modules for the processing of large-scale chemical and electric power facilities in accordance with its customers' orders, including the components used for production of steel structures, pipes, fittings, meters, valves, etc. Some of the components are provided by the customers themselves whilst some are purchased by Zhong He Libert based on their own procurement design. The products will then be hoisted, assembled and transported to the Zhangjiagang port which is about one kilometer from the production site for shipping to the final destinations. Zhong He Libert also provides services for modular design and installation of the end-products based on the customers' requirements. Modularisation is a type of construction technology that has been promoted recently in Europe and North America in recent years as it will help to reduce the on-site construction period, reduce construction costs, improve the quality of equipment, and improve the maintenance of the equipment during the production process and it is used for the construction of chemical, electric power, aerospace and other large-scale production facilities.

Financial information

Set out below is certain financial information of Zhangjiagang Libaite as extracted from its audited financial statements for each of the three years ended 31 December 2010, which were prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December		
	2008	**2009**	**2010**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Turnover	61,379	90,116	111,542
Net assets	122,949	262,306	280,116
Total assets	158,195	381,362	329,734
Profit before taxation and extraordinary items	17,468	22,411	19,874
Net profit (after taxation and extraordinary items)	17,598	23,127	17,810

Upon completion of the East King Agreement and the Acquisition Agreement, East King will become a wholly-owned subsidiary of Well Link and Zhong He Libert will become an associate of Well Link. Well Link will adopt equity method as prescribed in the Hong Kong Accounting Standards, HKAS 28 *Investments in Associates*, to account for its interest in Zhong He Libert in its consolidated financial statements.

REASONS AND BENEFITS OF THE ACQUISITION

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. Zhong He Libert is considered to be an appropriate investment opportunity for the Company as Zhong He Libert, which the Directors believe is one of the few manufacturers in the PRC of pipes and related equipment for uses by chemical plants, has been performing well in the past years. The Acquisition is the first step of the Company to participate in such industry in the PRC.

The Directors consider that the satisfaction of the Consideration by issue of the Convertible Bonds will enable the Company to reallocate its cash resources for other purposes while at the same time broaden the shareholders' base of the Company upon the exercise of the conversion rights attached to the Convertible Bonds. Furthermore, as the holder of the Convertible Bonds cannot exercise the conversion rights until after the first anniversary of the Issue Date, the Directors consider that the issue of the Convertible Bonds will not result in any immediate and material dilutive effect on the percentage holding of the Shareholders.

The Company plans to participate in such industry by way of the Acquisition. After completion of the Acquisition, the Company will nominate a director to the board of directors of Zhong He Libert to oversee the business and closely monitor the progress and performance of Zhong He Libert and determine if there is any opportunity for future development in such industry.

The Company has recently appointed two executive directors, namely Messrs. Han Naishan ("Mr. Han") and Lei Jian ("Mr. Lei") and one independent non-executive Director, namely Mr. Chang Nan ("Mr. Chang"), all of whom have related experience and expertise. The experience and expertise of Messrs. Han, Lei and Chang are set out below:

Mr. Han graduated from Tsinghua University, the PRC in 1989 majoring in Forging and Stamping and also obtained a degree in MBA from Peking University, the PRC in 2005. Mr. Han joined China Nuclear since 1989 and has held various managerial positions. He is an experienced engineer and also has extensive experience in corporate management. Mr. Han is the senior engineer of the researcher grade with special sponsorship from the State Council. Prior to joining the Company, Mr. Han has been the Deputy Director General and Chief Engineer of China Nuclear. Mr. Han is also the Chairman of Nuclear Engineering Institute of Design and Research.

Mr. Lei is an electrical and mechanical engineer in the PRC. He has over 40 years of experience working in many areas in the mining of nuclear industry specialising in purchasing, administering the affairs of various departments, construction management and property investment and has extensive experience in corporate management. He held managerial positions in Xinjiang Mining and Metallurgy Bureau of Nuclear Industry, Nuclear Industry Yanning Company, Administration Bureau of China Nuclear Industry Corporation and Beijing China Nuclear Construction Co., Ltd. in the PRC. Prior to joining the Company, Mr. Lei has been the Chairman and General Manager of Zhong He Investment Co., Ltd. (中核投資有限公司).

Mr. Chang graduated from Harbin Shipbuilding Engineering Institute, the PRC with a bachelor degree majoring in Nuclear Power Device in 1982. Mr. Chang has extensive experience in nuclear engineering and management. Mr. Chang held managerial positions in China Institute of Atomic Energy and Jiangsu Nuclear Power Corporation. Mr. Chang was a senior engineer of Ministry of Energy in 1992 and participated in Guangdong Nuclear Power Joint Venture Corporation to start up and put the first unit of Dayabay Nuclear Power Plant into commercial operation. He was also the Deputy Director of Nuclear Power Bureau in China

National Nuclear Corporation in 1995. From 1996 to 2005, Mr. Chang served as Deputy Director General and then Director General of Jiangsu Nuclear Power Corporation being responsible for all activities related to the engineering and construction of Tianwan nuclear power project. Mr. Chang served as Director General of the Nuclear Power Department, China Power Investment Corporation from 2005 to 2009. Mr. Chang is currently a member of International Nuclear Safety Group, International Atomic Energy Agency, a member of the expert committee on Nuclear Safety and Environment, State Department of Environmental Protection and also a member of the expert committee of China Nuclear Energy Industry Association.

Mr. Han and Mr. Lei will be responsible for overseeing the business of Zhong He Libert after Completion. The Company believes that such executive Directors will be able to contribute to the business of the Company after Completion given their expertise and past experiences. Mr. Chang, the newly appointed independent non-executive Director, will also be able to contribute to the Company with respect to the business of Zhong He Libert on a non-executive level.

Pursuant to the Articles of Association of Zhong He Libert, East King is entitled to nominate one director out of seven directors and Shanghai Libaite and China Nuclear are entitled to nominate five and one directors respectively. After Completion, the Company will nominate one of its directors to the board of directors of Zhong He Libert. Since East King only has one director to represent it at the board meetings of Zhong He Libert, the Company's involvement, through East King, in Zhong He Libert will be at the board level and will not be involved in the daily operations of Zhong He Libert. The Company's nominated director will contribute to the overall business planning, strategy and general management of Zhong He Libert.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis of the Group, Well Link, East King and Zhong He Libert are set out in Appendix IV of this circular.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, Well Link will become a wholly-owned subsidiary of the Company and the financial information of Company will be consolidated into the consolidated financial statements of the Group.

As mentioned in the paragraph headed "Information of Well Link, East King, Zhangjiagang Libaite and Zhong He Libert" on page 19 of this circular, save for entering into and termination of the Equity Transfer Agreement and entering into the East King Agreement, Well Link has not carried out any business activity.

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma net liabilities of the Enlarged Group based on the Group's audited consolidated statement of financial position of the Group as at 31 March 2011 and the audited statement of financial position of Well Link and East King as at 30 April 2011 would be approximately HK$692,408,000, comprising unaudited pro forma total assets of approximately HK$542,037,000 and unaudited pro forma total liabilities of approximately HK$1,234,445,000.

The transaction costs for the Acquisition are estimated to be approximately HK$2,300,000 which consist mainly of the professional fees directly attributable to the Acquisition. Zhong He Libert will become an associate of the Enlarged Group upon Completion. The Enlarged Group's investment in associate will be stated in the consolidated statement of financial position at the Enlarged Group's share of net assets under the equity method of accounting and the Enlarged Group's share of post-acquisition results and reserves of associate will be included in the consolidated income statement and consolidated reserves, respectively.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

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

In the foreseeable future, the restaurant business is expected to be affected by the increasing cost due to the inflation of imported food, increasing wage and increasing rent while the contribution by the hotel business remains insignificant. The Company thus has a need to diversify its business so as to improve the Shareholders' return. The Directors are of the view that the PRC government would put more effort in encouraging the enterprises in developing clean or renewable energy such as nuclear and wind energy. The Directors consider that such development would create business opportunities in various industries, such as the manufacturing of high quality metal pipes which can be widely applied in nuclear or chemical plants, reactors or factories. Therefore, the Directors expect an increasing demand of the relevant industrial products, including metal pipes and modules. However, due to the limited number of local producers in the PRC with capacity in research and development and large scale production, certain amount of equipment is imported overseas. The recent advancement in the technology and development in relation to the clean and reusable energy in the PRC also contributes to the growth of localisation of the equipment production in the PRC. Therefore, the Directors consider that there will be a huge potential market for the related products in the future. As such, the Directors are of the view that the Acquisition would provide a considerable source of income in the future.

Since commencing business, Zhong He Libert has been providing quality products and services to its customers and meet their specific requirements to their satisfaction. As a result, certain customers have placed recurrent orders over the previous three years while some customers have increased the amount transacted. The number of customers has been increasing since commencement of business and escalated significantly during the first four months in 2011. New customers of Zhong He Libert, include some reputable international industrial companies, may also increase the profile of Zhong He Libert in either the PRC or overseas. Zhong He Libert will continue to exercise stringent quality control in its products and services in order to retain its existing customers while seeking for other new customers. In addition, Zhong He Libert is also planning to increase its production capacity by commencing the operation of another production line, which has already been established, in order to meet increasing orders.

Meanwhile, due to the proven success in the Group's hotel business, the Group will also focus in identifying potential hotel development projects in order to increase its contribution to the Group. Restaurant business will continue to contribute to the income of the Group in the future while the Company will closely monitor the food market information from time to time and keep an eye on changes in prices, and adopt immediate measures against such changes in food in order to maintain its food quality and to mitigate the pressure resulted from the rise in food prices with a view to achieve cost effectiveness from overall gross profit. Looking into the future, the Company will continue to actively explore opportunities for its growth and carefully monitor the market situation and development.

IMPLICATION UNDER LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% but are below 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore conditional on the approval by the Shareholders at the SGM.

SPECIAL GENERAL MEETING

The SGM will be held to consider and, if thought fit, passing relevant resolutions to approve (i) the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the issue and allotment of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds pursuant to a specific mandate granted to the Directors.

The notice of the SGM is set out on pages 154 to 155 of this circular. A form of proxy for the SGM is enclosed herewith. Whether or not you are able to attend the SGM in person, please complete and return the form of proxy in accordance with the instructions printed thereon 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 possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting (as the case may be) should you so wish. Pursuant to the Listing Rules, voting by poll is required for any resolution put to vote at the SGM.

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

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.

RECOMMENDATIONS

The Directors consider that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition are in the best interests of the Company and the Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of SGM.

FURTHER INFORMATION

Your attention is also drawn to (i) the additional information set out in the appendices to this circular; and (ii) the notice of the SGM.

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

1. AUDITED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group (i) for the year ended 31 March 2011 was disclosed in the annual report of the Company for the year ended 31 March 2011 published on 19 July 2011, from pages 22 to 76; (ii) for the year ended 31 March 2010 was disclosed in the annual report of the Company for the year ended 31 March 2010 published on 23 July 2010, from pages 19 to 70; and (iii) for the year ended 31 March 2009 was disclosed in the annual report of the Company for the year ended 31 March 2009 published on 22 July 2009, from pages 20 to 64. All of which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://tackhsin.etnet.com.hk).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding indebtedness of approximately HK$181 million arising from the 2011 CBs.

Borrowings

As at 30 June 2011, the Enlarged Group had no bank borrowings.

Contingent liabilities

As at 30 June 2011, the Enlarged Group had no contingent liabilities.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and 2011 CBs, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 June 2011.

No material change

Save as disclosed herein, the Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Enlarged Group since 30 June 2011.

3. WORKING CAPITAL

After taking into account of the internal resources of the Group, the proceeds from the convertible bonds and the effects of the Acquisition and in absence of unforeseen circumstances, the Directors are of the opinion that the Enlarged Group will have sufficient working capital for the 12-month period from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. TRADING AND FINANCIAL PROSPECTS

The Group's consolidated revenue for the year ended 31 March 2011 was HK$295,835,000, representing an increase of HK$8,009,000 compared to the revenue of HK$287,826,000 recorded in last year. Consolidated loss for the year attributable to equity holders of the parent was HK$890,647,000 (2010: loss of HK$574,902,000). Loss per share was HK$2.35 (2010: HK$1.59). The significant loss for the current year was due to the recognition of derivative financial instruments of: (1) the outstanding 2009 Warrants; (2) the issuance of 2009 CBs, which was converted into ordinary shares of the Company during the year and (3) entering into a subscription agreement to issue 2011 CBs. The Company settled the subscription agreement and issued the 2011 CBs on 17 March 2011. The relevant derivative financial liabilities and the related losses on changes in fair value are non-cash in nature. In case that the above mentioned outstanding derivative financial instruments are exercised and converted into the Company's ordinary shares, the related financial liabilities will be transferred as part of the share premium in respect of the issuance of the Company's own shares. In case that the above mentioned outstanding derivative financial instruments were not exercised and converted by the holders of the financial instruments, the financial liabilities will be reversed in the subsequent income statements upon expiration or redemption. As a result, the Company will in no event be obliged to settle any of such financial liabilities by incurring cash payout or otherwise by using any of its assets. Excluding the fair value losses on these derivatives financial instruments of HK$890,863,000, the Group would have recorded a profit for the year of HK$1,779,000 from its core business for the year ended 31 March 2011.

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

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

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

The Group has adopted the prudent and healthy financial policies and imposed strict control over its cash and risk management. The Group's cash and borrowings are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk. The Group has not used any financial instrument for hedging purpose.

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

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

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

The Board of Directors
Tack Hsin Holdings Limited
Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information regarding Well Link Capital Limited ("Well Link"), for the period from 26 October 2010 (date of incorporation) and for the period from 1 January 2011 to 30 April 2011 (the "Relevant Periods") (the "Financial Information"), for inclusion in the circular of Tack Hsin Holdings Limited (the "Company") dated 12 August 2011 (the "Circular") in connection with the sale and purchase agreement dated 23 December 2010 (the "Acquisition Agreement"), the supplemental agreement dated 29 December 2010 (the "First Supplemental Agreement") and the second supplemental agreement dated 13 May 2011 (the "Second Supplemental Agreement") entered into between the Company and Shining Rejoice Limited (the "Vendor") pursuant to which the Company would acquire the entire issued share capital of Well Link Capital Limited at a total consideration of HK$200,000,000, subject to adjustments (collectively refer as the "Acquisition").

The Consideration shall be satisfied (i) as to HK$80,000,000 in cash to the Vendor; and (ii) as to HK$120,000,000 by issuing convertible bonds to the Vendor upon the completion of the Acquisition (the "Completion"). The Financial Information comprises the statement of financial position of Well Link as at 31 December 2010 and 30 April 2011 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the Relevant Periods and a summary of significant accounting policies and other explanatory information.

Well Link is an investment holding company and established in the British Virgin Islands with limited liability on 26 October 2010. As at 30 April 2011, Well Ling has no major assets or operating business. Upon the completion of the acquisition of 100% equity interests in East King International Enterprises Limited ("East King") by Well Link, Well Link will hold 25% equity interests in Jiangsu China Nuclear Industry Libert INC ("Zhong He Libert") through East King.

Well Ling adopts 31 December as its financial year end date. No audited financial statements Well Link have been prepared since its incorporation date.

BASIS OF PREPARATION

The Financial Information has been prepared by the director of Well Link based on the unaudited consolidated financial statements of Well Link for the Relevant Periods, on the basis as set out in Note 2 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The director of Well Link is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Listing Rules. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The director of Well Link are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives true and fair views of the state of affairs of Well Link as at 31 December 2010 and 30 April 2011 and of the results and cash flows of Well Link for the Relevant Periods then ended in accordance with Hong Kong Financial Reporting Standards.

MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN BASIS OF WELL LINK

Without qualifying our opinion, we draw attention to note 2(a) to the Financial Information of Well Link which indicates that Well Link incurred accumulated losses of HK$12,700 and had net liabilities of approximately HK$12,692 as at 30 April 2011. These conditions, along with other matters as set forth in note 2(a) to the Financial Information of Well Link, indicate that existence of a material uncertainty which may cast significant doubt about the Well Link's ability to continue as a going concern.

A. FINANCIAL INFORMATION

Statement of Comprehensive Income

	Notes	For the period from 26 October 2010 (date of incorporation) to 31 December 2010 *HK$*	For the period from 1 January 2011 to 30 April 2011 *HK$*
Turnover	*6*	–	–
Administrative expenses		(9,700)	(3,000)
Loss from operations	*7*	(9,700)	(3,000)
Finance costs		–	–
Loss before taxation		(9,700)	(3,000)
Taxation	*9*	–	–
Loss for the period		(9,700)	(3,000)
Other comprehensive income, net of income tax		–	–
Total comprehensive loss		(9,700)	(3,000)
Loss for the period attributable to owners of Well Link		(9,700)	(3,000)
Total comprehensive loss attributable to owners of Well Link		(9,700)	(3,000)
Loss per share			
–Basic and diluted *(HK$ per share)*		(9,700)	(3,000)

The accompanying notes form an integral part of the Financial Information.

Statement of Financial Position

	Notes	As at 31 December 2010 HK$	As at 30 April 2011 HK$
Current liabilities			
Accruals		–	3,000
Amount due to holding company	12	9,692	9,692
		9,692	12,692
Net current liabilities		(9,692)	(12,692)
Total assets less current liabilities		(9,692)	(12,692)
Net liabilities		(9,692)	(12,692)
Capital and reserves			
Share capital	13	8	8
Accumulated losses		(9,700)	(12,700)
Equity attributable to owners of Well Link		(9,692)	(12,692)

The accompanying notes form an integral part of the Financial Information.

Statement of Changes in Equity

	Share capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
At 26 October 2010 (date of incorporation)	–	–	–
Issuance of ordinary share upon incorporation	8	–	8
Loss for the period	–	(9,700)	(9,700)
Other comprehensive income	–	–	–
Total comprehensive loss	–	(9,700)	(9,700)
At 31 December 2010 and 1 January 2011	8	(9,700)	(9,692)
Loss for the period	–	(3,000)	(3,000)
Other comprehensive income	–	–	–
Total comprehensive loss	–	(3,000)	(3,000)
At 30 April 2011	8	(12,700)	(12,692)

The accompanying notes form an integral part of the Financial Information.

Statement of Cash Flow

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010	For the period from 1 January 2011 to 30 April 2011
	HK$	*HK$*
Operating activities		
Loss from operations	(9,700)	(3,000)
Operating cash flows before movements in working capital	(9,700)	(3,000)
Increase in accruals	–	3,000
Increase in amount due to holding company	9,692	–
Net cash used in operating activities	(8)	–
Financing activities		
Proceeds from issue of share	8	–
Net cash generated from financing activities	8	–
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the period	–	–
Cash and cash equivalents at the end of the period	–	–
Analysis of balances of equivalents	–	–

The accompanying notes form an integral part of the Financial Information.

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The registered office of Well Link is at Quastisky Building, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. Well Link was incorporated in the British Virgin Islands with limited liability. Well Link is principally engaged in investment holding.

The Financial Information is presented in Hong Kong Dollar ("HK$"), which is the functional currency of Well Link.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the HKICPA, and accounting principles generally accepted in Hong Kong ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as applicable to Accountants' Reports including in the listing documents or circulars. The policies of Well Link are materially consistent with the Company's accounting policies. The measurement basis used in the preparation of the Financial Information is historical cost convention accounting except for financial assets and financial liabilities have been carried at fair value.

The presentation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Well Link has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective.

Well Link is not yet in a position to determine whether these standards, amendments and interpretations will have significant impact on how the results of operations and financial position are prepared and presented. These standards, amendments and interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

1 Effective for annual periods beginning on or after 1 July 2011

2 Effective for annual periods beginning on or after 1 January 2012

3 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The director anticipates that HKFRS 9 that will be adopted in Well Link's financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of Well Link's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The director does not anticipate that these amendments to HKFRS 7 will have a significant effect on Well Link disclosures regarding transfers of trade receivables previously effected. However, if Well Link enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 *Consolidation – Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC)-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The director of Well Link expects that the adoption of the above new standards, amendments and interpretations will not have any significant impact on how the results and financial position of Well Link are prepared and presents.

The accounting policies set out below have been applied consistently to the Relevant Periods presented in the Financial Information.

(a) Basis of preparation

The measurement basis used in the preparation of the Financial Information is the historical cost convention except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

At 30 April 2011, Well Link incurred accumulated losses of HK$12,700 and net liabilities of HK$12,692. Shining Rejoice Limited, the holding company of Well Link, has confirmed to provide continuing financial support to Well Link, subject to the condition that the relationship between Shining Rejoice Limited and Well Link does not change, so as to enable it to meet its liabilities as and when they fall due to continue its business for the foreseeable future. The director of Well Link believes that Well Link will continue as going concern. Consequently, the Financial Information of Well Link has been prepared on a going concern basis.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

(b) Impairment

At the end of each reporting period, the director of Well Link reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation increase under that standard.

(c) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair through profit or loss are recognised immediately in the consolidated statements of comprehensive income.

Financial assets

Well Link's financial assets are classified into loans and receivables (including cash and cash equivalents). All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss then there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Well Link are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Well Link after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Financial liabilities (other than derivative financial instruments)

Well Link's financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by Well Link are recorded at the proceeds received, net of direct issue costs.

Repurchase of Well Link's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Well Link's own equity instruments.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Well Link has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the consolidated statement of financial position.

(e) Foreign currencies

In preparing the Financial Information of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated statement of comprehensive income in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in consolidated statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which case, the exchange differences are also recognised directly in equity.

(f) Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated statement of comprehensive income items that are never taxable or deductible. Well Link's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Provisions

Provisions are recognised when Well Link has a present obligation as a result of a past event, and it is probable that Well Link will be required to settle that obligation. Provisions are measured at the best estimate of the director of Well Link of the expenditure required to settle the obligation as at the end of the reporting period, and are discounted to present value where the effect is material.

(h) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Well Link. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of Well Link. Contingent assets are not recognised but are disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(i) Related party transactions

a. A person or a close member of that person's family is related to Well Link if that person:

   i. has control or joint control over Well Link;

   ii. has significant influence over Well Link; or

   iii. is a member of the key management personnel of Well Link or a parent of Well Link.

b. An entity is related to Well Link if any of the following conditions applies:

   i. The entity and Well Link are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either Well Link or an entity related to Well Link. If the reporting entity is itself such a plan, the sponsoring employers are also related to Well Link.

   vi. The entity is controlled or jointly controlled by a person identified in (a).

   vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

(j) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to Well Link's most senior executive management for the purposes of allocating resources to, and assessing the performance of, Well Link's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Well Link's accounting policies which are described in Note 2, management is required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period, or in the period of the revision and future periods if the revision affects both current and future periods. Well Link does not have significant estimation made in each class of statement of financial position items at the end of the reporting period.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2010 *HK$*	**As at 30 April 2011** *HK$*
Current liabilities		
Amortised cost		
– accruals	–	3,000
– amount due to holding company	9,692	9,692
	9,692	12,692

(b) Financial risk management objectives and policies

Well Link's major financial instruments include accruals and amount due to holding company. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from Well Link's financial instruments are currency risk, credit risk and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below.

During the Relevant Periods, there has been no change to the types of Well Link's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The main operations of Well Link were in Hong Kong and most of the transactions were denominated in HK$. Well Link did not have a foreign currency hedging policy during the Relevant Periods.

Credit risk

Well Link is not exposed to credit risk in the event of the counterparties' failure to perform their obligations at Relevant Periods in relation to the recognised financial asset which is arising from the carrying amount of those assets as stated in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Well Link will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Well Link's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective end of the reporting periods to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

	At 30 April 2011					
	Weighted average interest rate	**Carrying amount**	**On demand**	**Less than 1 year**	**Over 1 year**	**Total**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Accruals	–	3,000	–	3,000	–	3,000
Amount due to holding company	–	9,692	9,692	–	–	9,692
		12,692	9,692	3,000	–	12,692

	At 31 December 2010					
	Weighted average interest rate	**Carrying amount**	**On demand**	**Less than 1 year**	**Over 1 year**	**Total**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Amount due to holding company	–	9,692	9,692	–	–	9,692

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

The director considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements, approximate to their fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 30 April 2011.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since Well Link has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

5. CAPITAL RISK MANAGEMENT

The primary objective of Well Link's capital management is to safeguard Well Link's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. Well Link manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Well Link may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Well Link's objectives, policies or processes for managing capital remain unchanged during the Relevant Periods.

Well Link monitors capital using a gearing ratio, which is the total debts divided by total equity. Well Link's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of the reporting period are as follows:

	As at 31 December 2010	**As at 30 April 2011**
	HK$	*HK$*
Total debts	9,692	9,692
Total equity	9,692	12,692
Gearing ratio	1.00	0.76

Note: Total debts comprise bank borrowings and amount due to holding company as detailed in note 12.

6. TURNOVER AND SEGMENT INFORMATION

Well Link did not generate revenue during the Relevant Periods.

As per HKFRS 8 *Operating segments*, no business analysis and segment reporting information such as segment revenue, results, assets, liabilities and other information are shown as Well Link only engages in investment holding.

7. LOSS FROM OPERATIONS

No director's emoluments were paid by Well Link during the Relevant Periods.

No auditors' remuneration and employees' emoluments were paid by Well Link during the Relevant Periods.

8. DIRECTOR'S AND EMPLOYEES' EMOLUMENTS

(a) Director's emoluments

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010	For the period from 1 January 2011 to 30 April 2011
	HK$	*HK$*
Shining Rejoice Limited (appointed on 5 November 2010)	–	–

(b) Employees' emoluments

No staff was employed by Well Link during the Relevant Periods.

9. TAXATION

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010	For the period from 1 January 2011 to 30 April 2011
	HK$	*HK$*
Current tax		
Provision for the period	–	–

No provision for Hong Kong profits tax has been made as Well Link had no assessable profits arising in Hong Kong during the Relevant Periods.

A reconciliation of the income tax expense applicable to loss before taxation using the statutory rate for the location in which Well Link is domiciled is presented below:

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010		For the period from 1 January 2011 to 30 April 2011	
	HK$	*%*	*HK$*	*%*
Loss before taxation	(9,700)		(3,000)	
Tax at statutory tax rate	(1,601)	(16.5)	(495)	(16.5)
Tax effect of expenses not deductible for tax purpose	1,601	16.5	495	16.5
Tax expense for the period	–	–	–	–

No provision for deferred taxation had been made for the Relevant Periods as there was no material temporary difference as at 31 December 2010 and 30 April 2011.

10. DIVIDEND

The director of Well Link does not recommend the payment of any dividend in respect of the Relevant Periods.

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF WELL LINK

The calculation of the basic and diluted loss per share attributable to owners of Well Link is based on the following data:

(a) Basic loss per share

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010 *HK$*	For the period from 1 January 2011 to 30 April 2011 *HK$*
Loss		
Loss for the period attributable to owners of Well Link for the purpose of basic loss per share	(9,700)	(3,000)

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010	For the period from 1 January 2011 to 30 April 2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *(note 13)*	1	1

	For the period from 26 October 2010 (date of incorporation) to 31 December 2010 *HK$*	For the period from 1 January 2011 to 30 April 2011 *HK$*
Basic loss per share	(9,700)	(3,000)

(b) Diluted earnings per share

Basic and diluted earnings per share for the Relevant Periods has been presented in a single line because no potential dilutive ordinary shares were outstanding during the Relevant Periods.

12. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, interest-free and repayable on demand.

13. SHARE CAPITAL

	Number of shares	Share capital
		HK$
Authorised:		
Ordinary shares at USD1 each	1	8
Issued and fully paid:		
At 26 October 2010 (date of incorporation)	–	–
Issue of ordinary shares upon incorporation	1	8
At 31 December 2010, 1 January 2011 and 30 April 2011	1	8

14. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, Well Link had not entered into any material related party transaction during the Relevant Periods.

During the Relevant Periods, no compensation of any kind was paid to Well Link's key management personnel, including director of Well Link.

15. CONTINGENT LIABILITIES

As at 31 December 2010 and 30 April 2011, Well Link did not have contingent liabilities.

16. OPERATING LEASE COMMITMENTS

As at 31 December 2010 and 30 April 2011, Well Link did not have any significant operating lease commitments.

17. CAPITAL COMMITMENTS

As at 31 December 2010 and 30 April 2011, Well Link did not have any significant capital commitments.

18. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Financial Information, there was no significant event took place subsequent to 30 April 2011.

19. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Well Link in respect of any period subsequent to 30 April 2011 and no dividends or other distributions have been declared by Well Link in respect of any period subsequent to 30 April 2011.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

The Board of Directors
Tack Hsin Holdings Limited
Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information regarding East King International Enterprises Limited ("East King"), for the years ended 31 December 2008, 2009 and 2010 and for the period from 1 January 2011 to 30 April 2011 (the "Relevant Periods") (the "Financial Information"), for inclusion in the circular of Tack Hsin Holdings Limited (the "Company") dated 12 August 2011 (the "Circular") in connection with the sale and purchase agreement dated 23 December 2010 (the "Acquisition Agreement"), the supplemental agreement dated 29 December 2010 (the "First Supplemental Agreement") and the second supplemental agreement dated 13 May 2011 (the "Second Supplemental Agreement") entered into between the Company and Shining Rejoice Limited (the "Vendor") pursuant to which the Company would acquire the entire issued share capital of Well Link Capital Limited ("Well Link") at a total consideration of HK$200,000,000, subject to adjustments (collectively refer as the "Acquisition").

The Consideration shall be satisfied (i) as to HK$80,000,000 in cash to the Vendor; and (ii) as to HK$120,000,000 by issuing convertible bonds to the Vendor upon the completion of the Acquisition (the "Completion"). The Financial Information comprises the statement of financial position of East King as at 31 December 2008, 2009, 2010 and 30 April 2011 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the Relevant Periods and a summary of significant accounting policies and other explanatory information.

East King is principally engaged in investment holding and established in Hong Kong with limited liability on 7 April 2005. As at 30 April 2011, East King was wholly owned by 沈偉強 (transliterated as "Shen Wei Qiang") and has no major assets or operating business other than its 25% equity interest in Jiangsu China Nuclear Industry Libert INC ("Zhong He

Libert"). Upon the completion of the acquisition of 100% equity interests in East King by Well Link, Well Link will hold 25% equity interests in Zhong He Libert through East King.

East King adopts 31 December as its financial year end date. No audited financial statements of East King have been prepared since its incorporation date.

BASIS OF PREPARATION

The Financial Information has been prepared by the director of East King based on the unaudited financial statements of East King for the Relevant Periods, on the basis as set out in Note 2 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The director of East King is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Listing Rules. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The director of East King is responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives true and fair views of the state of affairs of East King as at 31 December 2008, 2009, 2010 and 30 April 2011 and of the results and cash flows of East King for the Relevant Periods then ended in accordance with Hong Kong Financial Reporting Standards.

COMPARATIVE FINANCIAL INFORMATION

Respective responsibilities of directors and reporting accountants

The director of East King is responsible for the preparation of the unaudited financial information of East King including the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the period from 1 January 2010 to 30 April 2010, together with the notes thereto (the "Unaudited Comparative Financial Information of East King").

For the purpose of this report, we have reviewed the Unaudited Comparative Financial Information of East King for which the director of East King is responsible, in accordance with Hong Kong Standard on Review Engagement 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of East King's management and applying analytical procedures to the Unaudited Comparative Financial Information of East King and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Unaudited Comparative Financial Information of East King.

Conclusion

On the basis of our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Unaudited Comparative Financial Information of East King is not prepared, in all material respects, in accordance with Hong Kong Financial Reporting Standards.

A. FINANCIAL INFORMATION

Statement of Comprehensive Income

	Notes	For the year ended 31 December 2008 HK$'000	For the year ended 31 December 2009 HK$'000	For the year ended 31 December 2010 HK$'000	For the period from 1 January 2010 to 30 April 2010 HK$'000 (Unaudited)	For the period from 1 January 2011 to 30 April 2011 HK$'000
Turnover		–	–	–	–	–
Other revenue		–	–	–	–	–
Administrative expenses		(3)	(262)	(1)	(1)	(2,215)
Loss on disposal of interests in an associate	12	–	–	(14,329)	–	–
(Loss)/profit from operations	7	(3)	(262)	(14,330)	(1)	(2,215)
Finance costs		–	–	–	–	–
Share of profit of an associate		12,705	41,729	8,274	284	3,440
Profit/(loss) before taxation		12,702	41,467	(6,056)	283	1,225
Taxation	9	–	–	–	–	–
Profit/(loss) for the year/period		12,702	41,467	(6,056)	283	1,225
Other comprehensive income/(loss), net of income tax:						
Share of other comprehensive income/(loss) of an associate		1,615	(263)	931	57	1,316
Total comprehensive income/(loss) for the year/period		14,317	41,204	(5,125)	340	2,541
Profit/(loss) for the year/period attributable to owners of East King		12,702	41,467	(6,056)	283	1,225
Total comprehensive income/(loss) attributable to owners of East King		14,317	41,204	(5,125)	340	2,541
Earnings/(loss) per share – Basic and diluted *(HK$ per share)*	11	1,270	4,147	(606)	28	123

The accompanying notes form an integral part of the Financial Information.

Statement of Financial Position

	Notes	As at 31 December 2008 HK$'000	As at 31 December 2009 HK$'000	As at 31 December 2010 HK$'000	As at 30 April 2011 HK$'000
Non-current assets					
Interest in an associate	12	41,702	89,252	82,424	87,180
Current assets					
Cash and cash equivalents	13	1,126	46	31	81
Current liabilities					
Accruals		–	–	–	15
Amount due to a director	14	17,977	22,986	21,268	21,319
Amount due to an associate	15	–	257	257	2,456
		17,977	23,243	21,525	23,790
Net current liabilities		(16,851)	(23,197)	(21,494)	(23,709)
Total assets less current liabilities		24,851	66,055	60,930	63,471
Capital and reserves					
Share capital	16	10	10	10	10
Reserves		24,841	66,045	60,920	63,461
Equity attributable to owners of East King		24,851	66,055	60,930	63,471

The accompanying notes form an integral part of the Financial Information.

Statement of Changes in Equity

	Share capital *HK$'000*	Retained earnings *HK$'000*	Exchange reserve *HK$'000*	Total *HK$'000*
At 1 January 2008	10	10,524	–	10,534
Profit for the year	–	12,702	–	12,702
Other comprehensive income	–	–	1,615	1,615
Total comprehensive income	–	12,702	1,615	14,317
At 31 December 2008 and 1 January 2009	10	23,226	1,615	24,851
Profit for the year	–	41,467	–	41,467
Other comprehensive loss	–	–	(263)	(263)
Total comprehensive income	–	41,467	(263)	41,204
At 31 December 2009 and 1 January 2010	10	64,693	1,352	66,055
Loss for the year	–	(6,056)	–	(6,056)
Other comprehensive income	–	–	931	931
Total comprehensive income	–	(6,056)	931	(5,125)
At 31 December 2010 and 1 January 2011	10	58,637	2,283	60,930
Profit for the period	–	1,225	–	1,225
Other comprehensive income	–	–	1,316	1,316
Total comprehensive income	–	1,225	1,316	2,541
At 30 April 2011	10	59,862	3,599	63,471
At 1 January 2010	10	64,693	1,352	66,055
Profit for the year (unaudited)	–	283	–	283
Other comprehensive income (unaudited)	–	–	57	57
Total comprehensive income (unaudited)	–	283	57	340
At 30 April 2010 (unaudited)	10	64,976	1,409	66,395

The accompanying notes form an integral part of the Financial Information.

Statement of Cash Flow

	For the year ended 31 December 2008 *HK$'000*	For the year ended 31 December 2009 *HK$'000*	For the year ended 31 December 2010 *HK$'000*	For the period from 1 January 2010 to 30 April 2010 *HK$'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *HK$'000*
Operating activities					
Profit/(loss) before taxation	12,702	41,467	(6,056)	283	1,225
Adjustments for:					
Share of profit of an associate	(12,705)	(41,729)	(8,274)	(284)	(3,440)
Loss on disposal of interest in an associate	–	–	14,329	–	–
Operating cash flows before movements in working capital	(3)	(262)	(1)	(1)	(2,215)
Increase in accruals	–	–	–	–	15
Increase/(decrease) in amount due to a director	15,327	5,009	(1,718)	1	51
Increase in amount due to an associate	–	257	–	–	2,199
Net cash generated from/(used in) operating activities	15,324	5,004	(1,719)	–	50
Investing activities					
Cash outflow from increase in investment in an associate	(14,243)	(11,232)	–	–	(57,775)
Proceeds from disposal of interest in an associate	–	–	1,704	–	–
Dividend received from an associate	–	5,148	–	–	57,775
Net cash (used in)/generated from investing activities	(14,243)	(6,084)	1,704	–	–
Net increase in cash and cash equivalents	1,081	(1,080)	(15)	–	50
Cash and cash equivalents at the beginning of the year/period	45	1,126	46	46	31
Cash and cash equivalents at the end of the year/period	1,126	46	31	46	81
Analysis of balances of cash and cash equivalents	1,126	46	31	46	81

The accompanying notes form an integral part of the Financial Information.

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The registered office and principal place of business of East King is at Unit 3A, 20th Floor, Far East Consortium Building, 121 Des Voeux Road, Central, Hong Kong. East King was incorporated in Hong Kong with limited liability. East King is principally engaged in investment holding.

The Financial Information is presented in Hong Kong Dollar (HK$), which is the functional currency of East King and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the HKICPA, and accounting principles generally accepted in Hong Kong ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as applicable to Accountants' Reports including in the listing documents or circulars. The policies of East King are materially consistent with the Company's accounting policies. The measurement basis used in the preparation of the Financial Information is historical cost convention accounting except for financial assets and financial liabilities have been carried at fair value.

The presentation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

East King has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective.

East King is not yet in a position to determine whether these standards, amendments and interpretations will have significant impact on how the results of operations and financial position are prepared and presented. These standards, amendments and interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The director anticipates that HKFRS 9 that will be adopted in East King's financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of East King's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The director do not anticipates that these amendments to HKFRS 7 will have a significant effect on East King disclosures regarding transfers of trade receivables previously effected. However, if East King enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 *Consolidation – Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC)-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The director of East King expects that the adoption of the above new standards, amendments and interpretations will not have any significant impact on how the results and financial position of East King are prepared and presents.

The accounting policies set out below have been applied consistently to the Relevant Periods presented in the Financial Information.

(a) Basis of preparation

The measurement basis used in the preparation of the Financial Information is the historical cost convention except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

(b) Investment in an associate

An associate is an entity over which East King has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise East King's share of the profit or loss and other comprehensive income of the associate. When East King's share of losses of an associate exceeds East King's interest in that associate (which includes any long-term interests that, in substance, form part of East King's net investment in the associate), East King discontinues recognising its share of further losses. Additional losses are recognised only to the extent that East King has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over East King's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included with the carrying amount of the investment.

Any excess of East King's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to East King's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

From 1 January 2010 onwards, upon disposal of an associate that results in East King losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, East King accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, East King reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in East King's consolidated financial statements only to the extent of interests in the associate that are not related to East King.

(c) Impairment

At the end of each reporting period, the director of East King reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation increase under that standard.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair through profit or loss are recognised immediately in the statements of comprehensive income.

Financial assets

East King's financial assets are classified into loans and receivables (including cash and cash equivalents). All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss then there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by East King are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of East King after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Financial liabilities (other than derivative financial instruments)

East King's financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by East King are recorded at the proceeds received, net of direct issue costs.

Repurchase of East King's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of East King's own equity instruments.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and East King has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the statement of financial position.

(f) Revenue recognition

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to East King and the amount of revenue can be measured reliably.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that East King will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

(h) Foreign currencies

In preparing the Financial Information of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the statement of comprehensive income in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which case, the exchange differences are also recognised directly in equity.

(i) Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes statement of comprehensive income items that are never taxable or deductible. East King's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(j) Provisions

Provisions are recognised when East King has a present obligation as a result of a past event, and it is probable that East King will be required to settle that obligation. Provisions are measured at the best estimate of the director of East King of the expenditure required to settle the obligation as at the end of the reporting period, and are discounted to present value where the effect is material.

(k) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of East King. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of East King. Contingent assets are not recognised but are disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(l) Related party transactions

a. A person or a close member of that person's family is related to East King if that person:

   i. has control or joint control over East King;

   ii. has significant influence over East King; or

   iii. is a member of the key management personnel of East King or a parent of East King.

b. An entity is related to East King if any of the following conditions applies:

   i. The entity and East King are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either East King or an entity related to East King. If the reporting entity is itself such a plan, the sponsoring employers are also related to East King.

   vi. The entity is controlled or jointly controlled by a person identified in (a).

   vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

(m) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to East King's most senior executive management for the purposes of allocating resources to, and assessing the performance of, East King's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying East King's accounting policies which are described in Note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

(a) Income taxes

East King is subject to income taxes in numerous tax authorities. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. East King recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2008 *HK$'000*	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 April 2011 *HK$'000*
Financial assets				
Loan and receivables (including cash and cash equivalents)				
– cash and cash equivalents	1,126	46	31	81
Financial liabilities				
Amortised cost				
– accruals	–	–	–	15
– amount due to a director	17,977	22,986	21,268	21,319
– amount due to an associate	–	257	257	2,456
	17,977	23,243	21,525	23,790

(b) Financial risk management objectives and policies

East King's major financial instruments include cash and cash equivalents, amount due to a director and amount due to an associate. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from East King's financial instruments are currency risk, credit risk and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below.

During the Relevant Periods, there has been no change to the types of East King's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The main operations of East King were in Hong Kong and most of the transactions were denominated in HK$. East King did not use any derivative financial instruments to hedge for its foreign exchange risk exposure during the Relevant Periods.

The carrying amounts of East King's foreign currency denominated monetary assets at the end of each reporting period are as follows:

Assets

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 December 2010**	**As at 30 April 2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
US Dollar ("USD")	1,126	46	–	–

East King is mainly exposed to the effects of fluctuation of USD.

The following table details East King's sensitivity to a 5% increase and decrease in Hong Kong Dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and foreign currency forward contracts, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within East King where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates a decrease in profit or loss where Hong Kong Dollar strengthen 5% against the relevant currency. For a 5% weakening of Hong Kong Dollar against the relevant currency, there would be an equal and opposite impact on profit or loss.

Impact of USD

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 December 2010**	**As at 30 April 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit or loss	56	2	–	–

Note: This is mainly attributable to the exposure outstanding on cash and cash equivalents denominated in USD at the end of the reporting period.

Credit risk

East King's maximum exposure to credit risk which will cause a financial loss to East King due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The carrying amount of amount due from an associate included in the statement of financial position represent East King's maximum exposure to credit risk in relation to East King's financial assets. No other financial assets carry a significant exposure to credit risk.

In order to minimise the credit risk, the management of East King has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, East King reviews the recoverable amount of each individual trade debt and debt instrument at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts overdue. In this regards, the director of East King considers that East King's credit risk is significantly reduced.

Substantially all of East King's cash and cash equivalents are deposited in banks located in the PRC which the director assessed the credit risk to be insignificant.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. East King will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

East King's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective end of the reporting periods to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

	At 30 April 2011					
	Weighted average interest rate	**Carrying amount**	**On demand**	**Less than 1 year**	**Over 1 year**	**Total Undiscounted cash flows**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accruals	–	15	–	15	–	15
Amount due to a director	–	21,319	21,319	–	–	21,319
Amount due to an associate	–	2,456	2,456	–	–	2,456
		23,790	23,775	15	–	23,790

	At 31 December 2010					
	Weighted average interest rate	**Carrying amount**	**On demand**	**Less than 1 year**	**Over 1 year**	**Total Undiscounted cash flows**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a director	–	21,268	21,268	–	–	21,268
Amount due to an associate	–	257	257	–	–	257
		21,525	21,525	–	–	21,525

	At 31 December 2009					
	Weighted average interest rate	**Carrying amount**	**On demand**	**Less than 1 year**	**Over 1 year**	**Total Undiscounted cash flows**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a director	–	22,986	22,986	–	–	22,986
Amount due to an associate	–	257	257	–	–	257
		23,243	23,243	–	–	23,243

	At 31 December 2008					
	Weighted average interest rate	Carrying amount	On demand	Less than 1 year	Over 1 year	Total Undiscounted cash flows
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a director	–	17,977	17,977	–	–	17,977

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

The director considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements, approximate to their fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at the end of each reporting period.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since East King has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

5. CAPITAL RISK MANAGEMENT

The primary objective of East King's capital management is to safeguard East King's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. East King manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, East King may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. East King's objectives, policies or processes for managing capital remain unchanged during the Relevant Periods.

East King monitors capital using a gearing ratio, which is the total debts divided by total equity. East King's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of the reporting period are as follows:

	As at 31 December 2008 *HK$'000*	**As at 31 December 2009** *HK$'000*	**As at 31 December 2010** *HK$'000*	**As at 30 April 2011** *HK$'000*
Total debts	17,977	23,243	21,525	23,775
Total equity	24,851	66,055	60,930	63,471
Gearing ratio	0.72	0.35	0.35	0.37

Note: Total debts comprise amount due to a director and amount due to an associate as detailed in notes 14 and 15 respectively.

6. OPERATING SEGMENT

East King did not generate turnover during the Relevant Periods.

As per HKFRS 8 *Operating segments*, no business analysis and segment reporting information such as segment revenue, results, assets, liabilities and other information are shown as East King only engages in investment holding.

7. (LOSS)/PROFIT FROM OPERATIONS

No director's emoluments were paid by East King during the Relevant Periods.

No auditors' remuneration and employees' emoluments were paid by East King during the Relevant Periods.

8. DIRECTORS' AND EMPLOYEES EMOLUMENTS

(a) Directors' emoluments

	For the year ended 31 December 2008 *HK$'000*	**For the year ended 31 December 2009** *HK$'000*	**For the year ended 31 December 2010** *HK$'000*	**For the period from 1 January 2010 to 30 April 2010** *HK$'000* *(Unaudited)*	**For the period from 1 January 2011 to 30 April 2011** *HK$'000*
Shen Wei Qiang	–	–	–	–	–

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by East King to the director as an inducement to join, or upon joining East King, or as compensation for loss of office. None of the directors has waived emoluments during the Relevant Periods.

(b) Employees' emoluments

No staff was employed by East King during the Relevant Periods.

9. TAXATION

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Current tax:					
Provision for the year/period	–	–	–	–	–

East King is subject to income tax on profits arising in or derived from the Hong Kong.

No provision for Hong Kong profits tax has been made as East King had no assessable profits arising in Hong Kong during the Relevant Periods.

A reconciliation of the income tax expense applicable to profit before taxation using the statutory rate for the location in which East King is domiciled is presented below:

	For the year ended 31 December 2008		For the year ended 31 December 2009		For the year ended 31 December 2010		For the period from 1 January 2010 to 30 April 2010		For the period from 1 January 2011 to 30 April 2011	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%* *(Unaudited)*	*HK$'000*	*%*
Profit/(loss) before taxation	12,702		41,467		(6,056)		283		1,225	
Tax at statutory tax rate	2,223	17.5	6,842	16.5	(999)	(16.5)	47	16.5	202	16.5
Tax effect of income not taxable for tax purpose	(2,223)	(17.5)	(6,885)	(16.6)	(1,365)	(22.5)	(47)	(16.5)	(567)	(46.3)
Tax effect of expenses not deductible for tax purpose	–	–	43	0.1	2,364	39.0	–	–	365	29.8
	–	–	–	–	–	–	–	–	–	–

As at 31 December 2008, 2009, 2010 and 30 April 2010, East King had no unused estimated tax losses available for offset against future taxable profits. No provision for deferred taxation had been made for the Relevant Periods as there was no material temporary difference as at 31 December 2008, 2009, 2010 and 30 April 2010.

10. DIVIDEND

The directors of East King do not recommend the payment of any dividend in respect of the Relevant Periods.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF EAST KING

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of East King is based on the following data:

(a) Basic earnings/(loss) per share

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Profit/(loss)					
Profit/(loss) for the year/period attributable to owners of East King for the purpose of basic earnings per share	12,702	41,467	(6,056)	283	1,225

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
				(Unaudited)	
Number of shares					
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note 16)*	10,000	10,000	10,000	10,000	10,000

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	HK$	*HK$*	*HK$*	*HK$* *(Unaudited)*	*HK$*
Basic earnings/(loss) per share	1,270	4,147	(606)	28	123

(b) Diluted earnings per share

Basic and diluted earnings per share for the Relevant Periods has been presented in a single line because no potential dilutive ordinary shares were outstanding during the Relevant Periods.

12. INTEREST IN AN ASSOCIATE

	As at 31 December 2008 HK$'000	As at 31 December 2009 HK$'000	As at 31 December 2010 HK$'000	As at 30 April 2011 HK$'000
Cost of investment in an associate	16,848	28,080	23,400	81,175
Share of post-acquisition profits and other comprehensive income, net of dividends received	24,854	61,172	59,024	6,005
	41,702	89,252	82,424	87,180

Notes:

(a) The summarized financial information in respect of East King's associate is set out below:

	As at 31 December 2008 HK$'000	As at 31 December 2009 HK$'000	As at 31 December 2010 HK$'000	As at 30 April 2011 HK$'000
Total assets	178,855	432,541	388,097	422,429
Total liabilities	(39,849)	(135,033)	(58,401)	(73,708)
Net assets	139,006	297,508	329,696	348,721
East King's share of net assets of an associate	41,702	89,252	82,424	87,180

	For the year ended 31 December 2008 *HK$'000*	**For the year ended 31 December 2009** *HK$'000*	**For the year ended 31 December 2010** *HK$'000*	**For the period from 1 January 2010 to 30 April 2010** *HK$'000* *(Unaudited)*	**For the period from 1 January 2011 to 30 April 2011** *HK$'000*
Turnover	68,671	102,102	127,838	22,801	79,355
Profit for the year	19,688	26,204	20,412	663	13,762
East King's share of profit of an associate for the year/period	5,906	7,861	6,260	199	3,440
East King's deemed capital contribution of an associate recognised for the year/period	6,799	33,868	2,014	85	–
	12,705	41,729	8,274	284	3,440
East King's share of other comprehensive income of an associate for the year/period	1,615	(263)	931	57	1,316

(b) As at 30 April 2011, East King had interests in the following associate:

Company name	Place and date of registration and operation	Issued and paid-in/ registered capital	Percentage of equity attributable to East King	Principal activities
Jiangsu China Nuclear Industry Libert INC ("Zhong He Libert")	The PRC/ 20 October 2006	RMB289,091,118	Direct: 25%	The manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC

(c) As at 31 December 2008, 2009 and 2010, the issued and paid-in capital of Zhong He Libert were USD7,200,000, USD12,000,000 and USD12,000,000 respectively.

(d) Prior to 1 September 2010, East King held 30% equity interest in Zhong He Libert. On 1 September 2010, East King transferred 5% interest in Zhong He Libert to a third party for proceeds of approximately HK$1,704,000. East King has retained the remaining 25% interest and continue to account for the investment as an associate. This transaction has resulted in the recognition of a loss in profit or loss, calculated as follows:

	HK$'000
Proceeds of disposal	1,704
Less: carrying amount of the 5% investment at the date of disposal	(16,033)
Loss recognised	(14,329)

To the best knowledge, information and belief of the Company, after having made all reasonable enquiries, the counter-party is independent to the Vendor and the Company.

13. CASH AND CASH EQUIVALENTS

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 December 2010**	**As at 30 April 2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	1,126	46	31	81

Majority of cash at bank and in hand are denominated in HK$ and USD. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

14. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and repayable on demand.

15. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate is unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

	Number of shares	Share capital *HK$*
Authorised:		
Ordinary shares at HK$1 each	10,000	10,000
Issued and fully paid:		
At 1 January 2008, 31 December 2008, 31 December 2009, 31 December 2010 and 30 April 2011	10,000	10,000

17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, East King had not entered into the any related party transactions during the Relevant Periods.

18. CONTINGENT LIABILITIES

As at 31 December 2008, 2009 and 2010 and 30 April 2011, East King did not have contingent liabilities.

19. OPERATING LEASE COMMITMENTS

As at 31 December 2008, 2009 and 2010 and 30 April 2011, East King did not have any significant operating lease commitments.

20. CAPITAL COMMITMENTS

As at 31 December 2008, 2009 and 2010 and 30 April 2011, East King did not have any significant capital commitments.

21. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Financial Information, there was no significant event took place subsequent to 30 April 2011.

22. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by East King in respect of any period subsequent to 30 April 2011 and no dividends or other distributions have been declared by East King in respect of any period subsequent to 30 April 2011.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

The Board of Directors
Tack Hsin Holdings Limited
Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information regarding Jiangsu China Nuclear Industry Libert INC ("Zhong He Libert"), for the years ended 31 December 2008, 2009 and 2010 and for the period from 1 January 2011 to 30 April 2011 (the "Relevant Periods") (the "Financial Information"), for inclusion in the circular of Tack Hsin Holdings Limited (the "Company") dated 12 August 2011 (the "Circular") in connection with the sale and purchase agreement dated 23 December 2010 (the "Acquisition Agreement"), the supplemental agreement dated 29 December 2010 (the "First Supplemental Agreement") and the second supplemental agreement dated 13 May 2011 (the "Second Supplemental Agreement") entered into between the Company and Shining Rejoice Limited (the "Vendor") pursuant to which the Company would acquire the entire issued share capital of Well Link Capital Limited ("Well Link") at a total consideration of HK$200,000,000, subject to adjustments (collectively refer as the "Acquisition").

The Consideration shall be satisfied (i) as to HK$80,000,000 in cash to the Vendor; and (ii) as to HK$120,000,000 by issuing convertible bonds to the Vendor upon the completion of the Acquisition (the "Completion"). The Financial Information comprises the statement of financial position of Zhong He Libert as at 31 December 2008, 2009, 2010 and 30 April 2011 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the Relevant Periods and a summary of significant accounting policies and other explanatory information.

Zhong He Libert, which was formerly known as Zhangjiagang FTZ Libaite Steel Products Co., Ltd., a company established in the People's Republic of China (the "PRC") with limited liability on 20 October 2006, has been converted into a joint stock company incorporated in the PRC with limited liability since 31 January 2011. Zhong He Libert is principally engaged in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC. As at 30 April 2011, Zhong He Libert is 25% owned by East King International Enterprises Limited ("East King"), 10% owned by 中國核工業二三建設有限公司 (transliterated as "China Nuclear Industry 23 Construction Co., Ltd.") ("China Nuclear Industry"), 60% owned by 上海利柏特投資有限公司 (transliterated as "Shanghai Libaite Investment Co., Ltd.") ("Shanghai Libaite") and 5% owned by 深圳市華瑞投資有限公司 (transliterated as "Shenzhen Hua Rui Investment Co., Ltd."). Upon completion of the acquisition of 100% equity interests in East King by Well Link, Well Link will hold 25% equity interests in Zhong He Libert through East King.

Zhong He Libert adopts 31 December as its financial year end date. No audited financial statements of Zhong He Libert have been prepared since its incorporation date.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of Zhong He Libert based on the unaudited consolidated financial statements of Zhong He Libert for the Relevant Periods, on the basis as set out in Note 2 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of Zhong He Libert are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Listing Rules. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of Zhong He Libert are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives true and fair views of the state of affairs of Zhong He Libert as at 31 December 2008, 2009, 2010 and 30 April 2011 and of the results and cash flows of Zhong He Libert for the Relevant Periods then ended in accordance with Hong Kong Financial Reporting Standards.

COMPARATIVE FINANCIAL INFORMATION

Respective responsibilities of directors and reporting accountants

The directors of Zhong He Libert are responsible for the preparation of the unaudited financial information of Zhong He Libert including the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the period from 1 January 2010 to 30 April 2010, together with the notes thereto (the "Unaudited Comparative Financial Information of Zhong He Libert").

For the purpose of this report, we have reviewed the Unaudited Comparative Financial Information of Zhong He Libert for which the directors of Zhong He Libert are responsible, in accordance with Hong Kong Standard on Review Engagement 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of Zhong He Libert's management and applying analytical procedures to the Unaudited Comparative Financial Information of Zhong He Libert and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Unaudited Comparative Financial Information of Zhong He Libert.

Conclusion

On the basis of our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Unaudited Comparative Financial Information of Zhong He Libert is not prepared, in all material respects, in accordance with Hong Kong Financial Reporting Standards.

A. FINANCIAL INFORMATION

Statement of Comprehensive Income

	Notes	For the year ended 31 December 2008 RMB'000	For the year ended 31 December 2009 RMB'000	For the year ended 31 December 2010 RMB'000	For the period from 1 January 2010 to 30 April 2010 RMB'000 (Unaudited)	For the period from 1 January 2011 to 30 April 2011 RMB'000
Turnover	7	61,379	90,116	111,542	20,076	67,046
Cost of sales		(40,132)	(62,203)	(83,537)	(17,809)	(52,823)
Gross profit		21,247	27,913	28,005	2,267	14,223
Other revenue	7	480	6	89	9	4
Other income	8	–	174	–	–	–
Administrative expenses		(2,801)	(3,876)	(5,798)	(1,332)	(1,581)
Profit from operations	8	18,926	24,217	22,296	944	12,646
Finance costs		(1,458)	(1,806)	(2,422)	(1,290)	–
Profit/(loss) before taxation		17,468	22,411	19,874	(346)	12,646
Taxation	10	130	716	(2,064)	930	(1,019)
Profit for the year/period		17,598	23,127	17,810	584	11,627
Other comprehensive income, net of income tax		–	–	–	–	–
Total comprehensive income		17,598	23,127	17,810	584	11,627
Profit for the year/period attributable to owners of Zhong He Libert		17,598	23,127	17,810	584	11,627
Total comprehensive income attributable to owners of Zhong He Libert		17,598	23,127	17,810	584	11,627
Earnings per share –Basic and diluted *(RMB per share)*	12	N/A	N/A	N/A	N/A	0.04

The accompanying notes form an integral part of the Financial Information.

Statement of Financial Position

	Notes	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 April 2011 RMB'000
Non-current assets					
Property, plant and equipment	13	74,722	185,570	175,638	186,874
Deferred tax assets	14	1,251	1,967	2,274	2,914
Prepaid lease payments	15	28,717	54,666	53,419	53,001
		104,690	242,203	231,331	242,789
Current assets					
Inventories	18	22,894	60,466	55,201	47,927
Trade receivables	16	7,915	13,306	8,857	18,457
Prepayments, deposits and other receivables	17	3,403	16,157	4,048	5,222
Amounts due from shareholders	19	–	228	247	14,006
Amounts due from related companies	20	–	4,800	–	6,203
Cash and cash equivalents	21	19,293	44,202	30,050	18,789
		53,505	139,159	98,403	110,604
Current liabilities					
Trade and other payables	22	10,246	4,056	19,341	14,117
Receipt in advance		–	–	9,670	3,608
Bank borrowings	23	25,000	75,000	–	–
Amount due to immediate holding company	24	–	40,000	20,598	42,266
Income tax payable		–	–	9	1,659
		35,246	119,056	49,618	61,650
Net current assets		18,259	20,103	48,785	48,954
Total assets less current liabilities		122,949	262,306	280,116	291,743
Capital and reserves					
Share capital	25	54,717	86,775	86,775	289,091
Reserves		68,232	175,531	193,341	2,652
Equity attributable to owners of Zhong He Libert		122,949	262,306	280,116	291,743

The accompanying notes form an integral part of the Financial Information.

Statement of Changes in Equity

	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	(Accumulated) losses)/ retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2008	42,255	39,712	–	(6,879)	75,088
Profit for the year	–	–	–	17,598	17,598
Other comprehensive income	–	–	–	–	–
Total comprehensive Income	–	–	–	17,598	17,598
Additional paid-in capital during the year	12,462	17,801	–	–	30,263
Current year appropriation	–	–	1,239	(1,239)	–
At 31 December 2008 and 1 January 2009	54,717	57,513	1,239	9,480	122,949
Profit for the year	–	–	–	23,127	23,127
Other comprehensive income	–	–	–	–	–
Total comprehensive Income	–	–	–	23,127	23,127
Additional paid-in capital during the year *(note 26(a))*	32,058	99,352	–	(15,180)	116,230
Current year appropriation	–	–	1,710	(1,710)	–
At 31 December 2009 and 1 January 2010	86,775	156,865	2,949	15,717	262,306
Profit for the year	–	–	–	17,810	17,810
Other comprehensive income	–	–	–	–	–
Total comprehensive Income	–	–	–	17,810	17,810
Current year appropriation	–	–	1,338	(1,338)	–
At 31 December 2010 and 1 January 2011	86,775	156,865	4,287	32,189	280,116
Profit for the period	–	–	–	11,627	11,627
Other comprehensive income	–	–	–	–	–
Total comprehensive Income	–	–	–	11,627	11,627
Transfer of reserves to share capital *(note 26(b))*	202,316	(156,865)	(4,287)	(41,164)	–
Current period appropriation	–	–	851	(851)	–
At 30 April 2011	289,091	–	851	1,801	291,743
At 1 January 2010	86,775	156,865	2,949	15,717	262,306
Profit for the period (unaudited)	–	–	–	584	584
Other comprehensive income (unaudited)	–	–	–	–	–
Total comprehensive Income (unaudited)	–	–	–	584	584
Current period appropriation (unaudited)	–	–	110	(110)	–
At 30 April 2010 (unaudited)	86,775	156,865	3,059	16,191	262,890

The accompanying notes form an integral part of the Financial Information.

Statement of Cash Flow

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Operating activities					
Profit/(loss) before taxation	17,468	22,411	19,874	(346)	12,646
Adjustments for:					
Interest income	–	(6)	(26)	(9)	(4)
Interest expense	1,458	1,806	2,422	1,290	–
Amortisation	381	1,544	1,247	416	418
Depreciation	5,155	9,291	12,933	4,225	4,318
Operating cash flows before movements in working capital	24,462	35,046	36,450	5,576	17,378
(Increase)/decrease in trade receivables	(7,844)	(5,391)	4,449	(5,034)	(9,600)
(Increase)/decrease in prepayments, deposits and other receivables	(1,699)	(12,146)	12,109	1,474	(1,174)
(Increase)/decrease in inventories	(22,806)	(37,572)	5,265	886	7,274
Decrease in amount due from immediate holding company	10,137	–	–	–	–
Increase in amounts due from shareholders	–	(228)	(19)	–	(13,759)
(Increase)/decrease in amounts due from related companies	–	(4,800)	4,800	4,800	(6,203)
(Decrease)/increase in trade payables	(1,891)	3,195	6,551	404	1,638
Increase/(decrease) in other payables and accruals	10,159	(9,385)	8,734	2,626	(6,862)
Increase in receipt in advance	–	–	9,670	352	(6,062)
Increase/(decrease) in amount due to immediate holding company	–	40,000	(19,402)	–	21,668
Cash generated from operations	10,518	8,719	68,607	11,084	4,298
Income tax paid	–	–	(2,362)	(193)	(9)
Net cash generated from Operating activities	10,518	8,719	66,245	10,891	4,289

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Investing activities					
Interest received	–	6	26	9	4
Purchase of property, plant and equipment	(6,296)	(120,139)	(3,001)	(2,236)	(15,554)
Purchase of prepaid lease payments	(21,360)	(28,101)	–	–	–
Net cash used in Investing activities	(27,656)	(148,234)	(2,975)	(2,227)	(15,550)
Financing activities					
Interest paid	(1,458)	(1,806)	(2,422)	(1,290)	–
Proceeds from capital injection	30,263	116,230	–	–	–
Proceeds from new bank borrowings	7,000	105,000	6,000	–	–
Repayment of bank borrowings	–	(55,000)	(81,000)	–	–
Net cash generated from/(used in) financing activities	35,805	164,424	(77,422)	(1,290)	–
Net increase/(decrease) in cash and cash equivalents	18,667	24,909	(14,152)	7,374	(11,261)
Cash and cash equivalents at the beginning of the year/period	626	19,293	44,202	44,202	30,050
Cash and cash equivalents at the end of the year/period	19,293	44,202	30,050	51,576	18,789
Analysis of balances of cash and cash equivalents	19,293	44,202	30,050	51,576	18,789

The accompanying notes form an integral part of the Financial Information.

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The registered office and principal place of business of Zhong He Libert is at 江蘇省張家港保稅區上海路 55 號 (transliterated as "No.55 Shanghai Road, Zhangjiagang Free Trade Zone, Zhangjiagang City, Jiangsu Province"). Zhong He Libert was incorporated in the PRC with limited liability. Zhong He Libert is principally engaged in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC.

The Financial Information is presented in Renminbi, which is the functional currency of Zhong He Libert and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the HKICPA, and accounting principles generally accepted in Hong Kong ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as applicable to Accountants' Reports including in the listing documents or circulars. The policies of Zhong He Libert are materially consistent with the Company's accounting policies. The measurement basis used in the preparation of the Financial Information is historical cost convention accounting except for financial assets and financial liabilities have been carried at fair value.

The presentation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Zhong He Libert has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective.

Zhong He Libert is not yet in a position to determine whether these standards, amendments and interpretations will have significant impact on how the results of operations and financial position are prepared and presented. These standards, amendments and interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

1 Effective for annual periods beginning on or after 1 July 2011

2 Effective for annual periods beginning on or after 1 January 2012

3 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in Zhong He Libert's financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of Zhong He Libert's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on Zhong He Libert disclosures regarding transfers of trade receivables previously effected. However, if Zhong He Libert enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 *Consolidation – Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC)-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The directors of Zhong He Libert expect that the adoption of the above new standards, amendments and interpretations will not have any significant impact on how the results and financial position of Zhong He Libert are prepared and presents.

The accounting policies set out below have been applied consistently to the Relevant Periods presented in the Financial Information.

(a) Basis of preparation

The measurement basis used in the preparation of the Financial Information is the historical cost convention except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

(b) Impairment

At the end of each reporting period, the directors of Zhong He Libert review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation increase under that standard.

(c) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair through profit or loss are recognised immediately in the consolidated statements of comprehensive income.

Financial assets

Zhong He Libert's financial assets are classified into loans and receivables (including cash and cash equivalents). All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss then there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Zhong He Libert are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Zhong He Libert after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Financial liabilities (other than derivative financial instruments)

Zhong He Libert's financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by Zhong He Libert are recorded at the proceeds received, net of direct issue costs.

Repurchase of Zhong He Libert's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Zhong He Libert's own equity instruments.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Zhong He Libert has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the consolidated statement of financial position.

(e) Revenue recognition

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyers, provided that Zhong He Libert maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from provision of service is recognised when the services are provided.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(f) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use and depreciates on the same basis as other property assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

The estimated useful lives are as follows:

Buildings	20 years
Plant and machinery	10 years
Motor vehicles	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to make the sale.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that Zhong He Libert will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of comprehensive income.

(i) Foreign currencies

In preparing the Financial Information of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated statement of comprehensive income in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in consolidated statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which case, the exchange differences are also recognised directly in equity.

(j) Borrowing costs

Borrowing costs are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

(k) Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated statement of comprehensive income items that are never taxable or deductible. Zhong He Libert's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Provisions

Provisions are recognised when Zhong He Libert has a present obligation as a result of a past event, and it is probable that Zhong He Libert will be required to settle that obligation. Provisions are measured at the best estimate of the directors of Zhong He Libert of the expenditure required to settle the obligation as at the end of the reporting period, and are discounted to present value where the effect is material.

(m) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Zhong He Libert. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of Zhong He Libert. Contingent assets are not recognised but are disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(n) Related party transactions

a. A person or a close member of that person's family is related to Zhong He Libert if that person:

   i. has control or joint control over Zhong He Libert;

   ii. has significant influence over Zhong He Libert; or

   iii. is a member of the key management personnel of Zhong He Libert or a parent of Zhong He Libert.

b. An entity is related to Zhong He Libert if any of the following conditions applies:

   i. The entity and Zhong He Libert are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either Zhong He Libert or an entity related to Zhong He Libert. If the reporting entity is itself such a plan, the sponsoring employers are also related to Zhong He Libert.

   vi. The entity is controlled or jointly controlled by a person identified in (a).

   vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

(o) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to Zhong He Libert's most senior executive management for the purposes of allocating resources to, and assessing the performance of, Zhong He Libert's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Zhong He Libert's accounting policies which are described in Note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

(a) Income taxes

Zhong He Libert is subject to income taxes in numerous tax authorities. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Zhong He Libert recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Impairment of property, plant and equipment

Zhong He Libert assesses whether there are any indicators of impairment for an asset at the end of each reporting period. The asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, an estimation of the value in use of the cash-generating units to which the asset is allocated will be required. Estimating the value in use requires Zhong He Libert to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to estimated impairment provision previously made.

(c) Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, Zhong He Libert has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service out of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of Zhong He Libert with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end for the reporting period based on changes in circumstances.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2011 *RMB'000*
Financial assets				
Loan and receivables (including cash and cash equivalents)				
– trade receivables	7,915	13,306	8,857	18,457
– prepayments, deposits and other receivables	111	2,559	195	425
– amounts due from shareholders	–	228	247	14,006
– amounts due from related companies	–	4,800	–	6,203
– cash and cash equivalents	19,293	44,202	30,050	18,789
	27,319	65,095	39,349	57,880
Financial liabilities				
Amortised cost				
– trade and other payables	10,246	4,056	19,341	14,117
– bank borrowings	25,000	75,000	–	–
– amount due to immediate holding company	–	40,000	20,598	42,266
	35,246	119,056	39,939	56,383

(b) Financial risk management objectives and policies

Zhong He Libert's major financial instruments include trade receivables, amounts due from related companies, cash and cash equivalents, trade and other payables, receipt in advance, bank borrowings and amount due to immediate holding company. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from Zhong He Libert's financial instruments are currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

During the Relevant Periods, there has been no change to the types of Zhong He Libert's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The main operations of Zhong He Libert were in the PRC and most of the transactions were denominated in RMB. Zhong He Libert did not use any derivative financial instruments to hedge for its foreign exchange risk exposure during the Relevant Periods.

The carrying amounts of Zhong He Libert's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

Assets

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2011 *RMB'000*
Euro ("EUR")	8,029	–	–	–
US Dollar ("USD")	845	5,890	5,866	7,069

Liabilities

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2010 *RMB'000*
USD	–	–	–	3,523

Sensitivity analysis on currency risk

Zhong He Libert is mainly exposed to the effects of fluctuation of EUR and USD.

The following table details Zhong He Libert's sensitivity to a 5% increase and decrease in the Renminbi against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and foreign currency forward contracts, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within Zhong He Libert where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates a decrease in profit where the Renminbi strengthen 5% against the relevant currency. For a 5% weakening of the Renminbi against the relevant currency, there would be an equal and opposite impact on profit.

Impact of EUR

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2010 *RMB'000*
Profit	401	–	–	–

Impact of USD

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2010 *RMB'000*
Profit	42	295	293	177

Note: This is mainly attributable to the exposure outstanding on trade receivables, cash and cash equivalents and receipt in advance denominated in EUR and USD at the end of the reporting period.

Credit risk

Zhong He Libert's credit risk is primarily attributable to trade and other receivables. It has policies in place to ensure that sales and services are made to customers with an appropriate credit history. The exposure to these credit risks are monitored on an ongoing basis.

The carrying amounts of trade receivables included in the statement of financial position represent Zhong He Libert's maximum exposure to credit risk in relation to Zhong He Libert's financial assets. No other financial assets carry a significant exposure to credit risk.

Zhong He Libert's concentration of credit risk by geographical location is mainly in the PRC and in the United States. Zhong He Libert also has concentration of credit risk by customers as approximately 100%, 100%, 99% and 95% of total trade receivables were due from Zhong He Libert's five largest customers as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 April 2011 respectively.

In order to minimise the credit risk, the management of Zhong He Libert has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, Zhong He Libert reviews the recoverable amount of each individual trade debt and debt instrument at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts overdue. In this regards, the directors of Zhong He Libert consider that Zhong He Libert's credit risk is significantly reduced.

Substantially all of Zhong He Libert's cash and cash equivalents are deposited in the state controlled PRC banks which the directors assessed the credit risk to be insignificant.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Zhong He Libert will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Zhong He Libert's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective end of the reporting periods to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

	At 30 April 2011					
	Weighted average interest rate	**Carrying amount**	**On demand**	**Less than 1 year**	**Over 1 year**	**Total undiscounted cash flows**
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	–	14,117	–	14,117	–	14,117
Amount due to immediate holding company	–	42,266	42,266	–	–	42,266
		56,383	42,266	14,117	–	56,383

At 31 December 2010

	Weighted average interest rate	Carrying amount	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	–	19,341	–	19,341	–	19,341
Amount due immediate holding company	–	20,598	20,598	–	–	20,598
		39,939	20,598	19,341	–	39,939

At 31 December 2009

	Weighted average interest rate	Carrying amount	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	–	4,056	–	4,056	–	4,056
Bank borrowings	5.4	75,000	–	78,296	–	78,296
Amount due immediate holding company	–	40,000	40,000	–	–	40,000
		119,056	40,000	82,352	–	122,352

At 31 December 2008

	Weighted average interest rate	Carrying amount	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	–	10,246	–	10,246	–	10,246
Bank borrowings	6.14	25,000	–	26,279	–	26,279
		35,246	–	36,525	–	36,525

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

The directors consider that the carrying amount of financial assets and financial liabilities recognised in the financial statements, approximate to their fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at the end of each reporting period.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since Zhong He Libert has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

5. CAPITAL RISK MANAGEMENT

The primary objective of Zhong He Libert's capital management is to safeguard Zhong He Libert's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. Zhong He Libert manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Zhong He Libert may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Zhong He Libert's objectives, policies or processes for managing capital remain unchanged during the Relevant Periods.

Zhong He Libert monitors capital using a gearing ratio, which is the total debts divided by total equity. Zhong He Libert's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of each reporting period are as follows:

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 December 2010**	**As at 30 April 2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total debts	25,000	115,000	20,598	42,226
Total equity	122,949	262,306	280,116	291,743
Gearing ratio	0.20	0.44	0.07	0.14

Note: Total debts comprise bank borrowings and amount due to immediate holding company as detailed in notes 23 and 24 respectively

6. OPERATING SEGMENT

Zhong He Libert currently operates in one business segment in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC. A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, Zhong He Libert does not have separately reportable segments.

Turnover from major products

Zhong He Libert's turnover from its major products and services are as follows:

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Turnover:					
Sale of goods	61,379	90,116	111,319	19,917	66,881
Sale of scrap materials	–	–	223	159	165
	61,379	90,116	111,542	20,076	67,046

Information about geographical areas

Zhong He Libert's operates in three principal geographical areas – the PRC, North America and Europe.

Zhong He Libert's turnover from external customers by location of operations and information about its non-current assets (excluding deferred tax assets) by location of assets are detailed below:

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Turnover:					
The PRC	35,267	68,488	94,926	12,630	57,056
North America	3,964	21,628	16,616	7,446	9,990
Europe	22,148	–	–	–	–
	61,379	90,116	111,542	20,076	67,046

	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets:				
The PRC	103,439	240,236	229,057	23,875

7. TURNOVER AND OTHER REVENUE

An analysis for Zhong He Libert's turnover and other revenue for the year/period is as follows:

	For the year ended 31 December 2008 *RMB'000*	For the year ended 31 December 2009 *RMB'000*	For the year ended 31 December 2010 *RMB'000*	For the period from 1 January 2010 to 30 April 2010 *RMB'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
Turnover:					
Sale of goods	61,379	90,116	111,319	19,917	66,881
Sale of scrap materials	–	–	223	159	165
	61,379	90,116	111,542	20,076	67,046
Other revenue:					
Bank interest income	–	6	26	9	4
Sundry income	480	–	63	–	–
	480	6	89	9	4

8. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the year ended 31 December 2008 *RMB'000*	For the year ended 31 December 2009 *RMB'000*	For the year ended 31 December 2010 *RMB'000*	For the period from 1 January 2010 to 30 April 2010 *RMB'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
Auditors' remuneration	–	–	–	–	–
Depreciation of owned property, plant and equipment *(note 13)*	5,155	9,291	12,933	4,225	4,318
Amortisation of prepaid lease payments for land *(note 15)*	381	1,544	1,247	416	418
Cost of inventories recognised as an expense	39,462	61,562	83,329	17,756	51,811
Staff cost including directors' remuneration:					
Wages and salaries	11,737	17,886	16,209	4,838	3,739
Pension scheme contributions	426	520	619	218	188
	12,163	18,406	16,828	5,056	3,927
and after crediting:					
Other income:					
Exchange gain	–	174	–	–	–

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

	For the year ended 31 December 2008 *RMB'000*	For the year ended 31 December 2009 *RMB'000*	For the year ended 31 December 2010 *RMB'000*	For the period from 1 January 2010 to 30 April 2010 *RMB'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
沈斌強 (transliterated as "Shen Bin Qiang")	–	–	–	–	–
沈偉強 (transliterated as "Shen Wei Qiang")	–	–	–	–	–
王海龍 (transliterated as "Wang Hai Long")	–	–	–	–	–
王建斌 (transliterated as "Wang Jian Bin") (appointed on 21 December 2010)	–	–	–	–	–
李鐵軍 (transliterated as "Li Tie Jun") (appointed on 21 December 2010)	–	–	–	–	–
楊清健 (transliterated as "Yang Qing Jian") (appointed on 21 December 2010)	–	–	–	–	–
楊清華 (transliterated as "Yang Qing Hua") (appointed on 21 December 2010)	–	–	–	–	–
	–	–	–	–	–

(b) Five highest paid employees

	For the year ended 31 December 2008 *RMB'000*	For the year ended 31 December 2009 *RMB'000*	For the year ended 31 December 2010 *RMB'000*	For the period from 1 January 2010 to 30 April 2010 *RMB'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
Basic salaries and allowances	423	460	543	181	168
Pension scheme contributions	20	23	25	8	9
	443	483	568	189	177

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by Zhong He Libert to the directors, highest paid employees as an inducement to join, or upon joining Zhong He Libert, or as compensation for loss of office. None of the directors has waived emoluments during the Relevant Periods.

10. TAXATION

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax:					
Provision for the year/period	–	–	2,371	193	1,659
Deferred tax:					
Deferred income Tax *(note 14)*	(130)	(716)	(307)	(1,123)	(640)
	(130)	(716)	2,064	(930)	1,019

Zhong He Libert is subject to income tax on profits arising in or derived from the jurisdiction which Zhong He Libert is domiciled and operated.

No provision for Hong Kong profits tax has been made as Zhong He Libert had no assessable profits arising in Hong Kong during the Relevant Periods.

In accordance with the approval document issued by the State Tax Bureau of the PRC, Zhong He Libert, which was established as foreign-invested enterprise in the PRC, was entitled to a full exemption from the corporate income tax of the PRC for their first two profitable years of operations and thereafter a 50% relief from the corporate income tax of the PRC for the following three financial years. Zhong He Libert is also entitled to a preferential corporate income tax rate of 18%, 20%, 22% and 24% for 2008, 2009, 2010 and 2011 respectively, in accordance with the relevant laws and regulations in the PRC as it was established in the special tax benefit zone in the PRC.

The two-year tax exemption period for Zhong He Libert expired on 31 December 2009, and the three-year 50% tax relief commenced on 1 January 2010.

During the 5th Session of the 10th National People's Congress which was concluded on 16 March 2007, the New PRC Enterprise Income Tax Law was approved and became effective from 1 January 2008. The New PRC Enterprise Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

A reconciliation of the income tax expense applicable to profit/(loss) before taxation using the statutory rate for the location in which Zhong He Libert is domiciled is presented below:

	For the year ended 31 December 2008		For the year ended 31 December 2009		For the year ended 31 December 2010		For the period from 1 January 2010 to 30 April 2010		For the period from 1 January 2011 to 30 April 2011	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Profit/(loss) before taxation	17,468		22,411		19,874		(346)		12,646	
Tax at statutory tax rate	4,367	25.0	5,603	25.0	4,968	25.0	(86)	(25.0)	3,162	25.0
Tax effect of income not taxable for tax purpose	–	–	(227)	(1.2)	–	–	–	–	–	–
Tax effect of expenses not deductible for tax purpose	321	1.8	61	0.3	273	1.4	107	31.0	77	0.6
Lower tax rate for specific provinces or local authority	(1,312)	(7.5)	(1,077)	(4.8)	(629)	(3.2)	(3)	(0.9)	(130)	(1.0)
Tax exemption	(3,506)	(20.0)	(5,026)	(22.5)	(2,548)	(12.8)	(948)	(273.9)	(2,090)	(16.5)
	(130)	(0.7)	(716)	(3.2)	2,064	10.4	(930)	(268.8)	1,019	8.1

As at 31 December 2008, 2009, 2010 and 30 April 2010, Zhong He Libert did not have any estimated tax losses available for offset against future taxable profits.

11. DIVIDEND

The directors of Zhong He Libert do not recommend the payment of any dividend in respect of the Relevant Periods.

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF ZHONG HE LIBERT

The calculation of the basic and diluted earnings per share attributable to owners of Zhong He Libert is based on the following data:

(a) Basic earnings per share

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit					
Profit for the year/period attributable to owners of Zhong He Libert for the purpose of basic earnings per share	17,598	23,127	17,810	584	11,627

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
				(Unaudited)	
Number of shares					
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note 25)*	N/A	N/A	N/A	N/A	289,091,118

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010	For the period from 1 January 2010 to 30 April 2010	For the period from 1 January 2011 to 30 April 2011
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Basic earnings per share	N/A	N/A	N/A	N/A	0.04

(b) Diluted earnings per share

Basic and diluted earnings per share for the Relevant Periods has been presented in a single line because no potential dilutive ordinary shares were outstanding during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress *RMB'000*	Building *RMB'000*	Office equipment *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost						
As at 1 January 2008	–	68,435	5,034	5,508	2,077	81,054
Additions	4,533	771	165	810	17	6,296
As at 31 December 2008 and 1 January 2009	4,533	69,206	5,199	6,318	2,094	87,350
Additions	–	95,633	1,024	23,144	338	120,139
Transfer	(4,533)	4,533	–	–	–	–
As at 31 December 2009 and 1 January 2010	–	169,372	6,223	29,462	2,432	207,489
Additions	45	250	16	2,690	–	3,001
As at 31 December 2010 and 1 January 2011	45	169,622	6,239	32,152	2,432	210,490
Additions	15,400	18	19	117	–	15,554
As at 30 April 2011	15,445	169,640	6,258	32,269	2,432	226,044
Accumulated depreciation and impairment						
As at 1 January 2008	–	4,901	1,465	564	543	7,473
Charged for the year	–	3,356	988	530	281	5,155
As at 31 December 2008 and 1 January 2009	–	8,257	2,453	1,094	824	12,628
Charged for the year	–	5,785	1,120	2,001	385	9,291
As at 31 December 2009 and 1 January 2010	–	14,042	3,573	3,095	1,209	21,919
Charged for the year	–	8,225	1,208	3,105	395	12,933
As at 31 December 2010 and 1 January 2011	–	22,267	4,781	6,200	1,604	34,852
Charged for the period	–	2,743	403	1,040	132	4,318
As at 30 April 2011	–	25,010	5,184	7,240	1,736	39,169
Net book value						
As at 30 April 2011	15,445	144,630	1,074	25,029	696	186,874
As at 31 December 2010	45	147,355	1,458	25,952	828	175,638
As at 31 December 2009	–	155,330	2,650	26,367	1,223	185,570
As at 31 December 2008	4,533	60,949	2,746	5,224	1,270	74,722

As at 31 December 2008, buildings of approximately RMB60,949,000 have been pledged as security for bank borrowings (Note 23).

As at 31 December 2009, buildings of approximately RMB155,330,000 have been pledged as security for bank borrowings (Note 23).

14. DEFERRED TAX ASSETS

The movements in the deferred tax assets during the Relevant Periods are as follows:

	Accelerated tax depreciation
	RMB'000
Deferred tax assets	
As at 1 January 2008	1,121
Credit to profit or loss	130
As at 31 December 2008 and 1 January 2009	1,251
Credit to profit or loss	716
As at 31 December 2009 and 1 January 2010	1,967
Credit to profit or loss	307
As at 31 December 2010 and 1 January 2011	2,274
Credit to profit or loss	640
As at 30 April 2011	2,914

15. PREPAID LEASE PAYMENTS

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 December 2010**	**As at 30 April 2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold land in the PRC:				
– Medium-term lease	29,363	55,920	54,673	54,255
Analysed for reporting purpose as:				
– Current assets *(note 17)*	646	1,254	1,254	1,254
– Non-current assets	28,717	54,666	53,419	53,001
	29,363	55,920	54,673	54,255

Zhong He Libert's prepaid lease payments amounts represent the prepayments for land use rights situated in the PRC. The leasehold lands have lease term of 50 years.

As at 31 December 2008, prepaid lease payments of approximately RMB29,363,000 have been pledged as security for bank borrowings (Note 23).

As at 31 December 2009, prepaid lease payments of approximately RMB55,920,000 have been pledged as security for bank borrowings (Note 23).

16. TRADE RECEIVABLES

	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 April 2011 RMB'000
Trade receivables	7,915	13,306	8,857	18,457

The aged analysis of trade receivables is as follows:

	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 April 2011 RMB'000
0 – 30 days	–	653	6,548	1,874
31 – 60 days	6,381	10,662	85	9,813
61 – 90 days	1,059	1,676	1,849	6,450
91 – 180 days	–	315	370	315
181 – 365 days	–	–	5	–
Over 365 days	475	–	–	5
	7,915	13,306	8,857	18,457

According to the credit rating of different customers, Zhong He Libert allows a range of credit periods not exceeding 60 days to its trade customers. Trade receivables are denominated in RMB, USD and EUR.

Certain trade receivables that are past due are not considered to be impaired. These relate to a number of independent customers for whom there is not recent history of default. Ageing of trade receivables which are past due but not considered to be impaired is as follows:

	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 April 2011 RMB'000
61 – 90 days	1,059	1,676	1,849	6,450
91 – 180 days	–	315	370	315
181 – 365 days	–	–	5	–
Over 365 days	475	–	–	5
	1,534	1,991	2,224	6,770

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 April 2011 RMB'000
Prepaid lease payments				
– current portion *(note 15)*	646	1,254	1,254	1,254
Other receivables	2,757	14,903	2,794	3,968
	3,403	16,157	4,048	5,222

18. INVENTORIES

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2011 *RMB'000*
Raw materials	89	13,232	823	17,606
Work in progress	22,805	47,234	13,164	30,321
Finished goods	–	–	41,214	–
	22,894	60,466	55,201	47,927

19. AMOUNTS DUE FROM SHAREHOLDERS

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2011 *RMB'000*
East King	–	228	228	2,055
China Nuclear Industry	–	–	19	11,951
	–	228	247	14,006

The maximum amounts outstanding during the Relevant Periods is as follows:

	Year ended 31 December 2008 *RMB'000*	Year ended 31 December 2009 *RMB'000*	Year ended 31 December 2010 *RMB'000*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
East King	–	228	228	2,055
China Nuclear Industry	–	–	19	11,951

The amounts due from shareholders are unsecured, interest-free and recoverable on demand.

20. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
蘇州華諾特勞務有限公司 (transliterated as "Suzhou Huanote Labour Service Co., Ltd.") ("Suzhou Huanote")	–	4,800	–	204
上海亨旭物資有限公司 (transliterated as "Shanghai Hengxu Materials Co., Ltd.") ("Shanghai Hengxu")	–	–	–	5,999
	–	4,800	–	6,203

The maximum amounts outstanding during the Relevant Periods are as follows:

	Year ended 31 December 2008	Year ended 31 December 2009	Year ended 31 December 2010	For the period from 1 January 2011 to 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Suzhou Huanote	–	4,800	4,800	204
Shanghai Hengxu	–	–	–	5,999

The amounts due from related companies are unsecured, interest-free and recoverable on demand.

21. CASH AND CASH EQUIVALENTS

	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	19,293	44,202	30,050	18,789

Majority of cash at bank and in hand are denominated in RMB. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, Zhong He Libert is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. TRADE AND OTHER PAYABLES

	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	3,250	9,801	11,439
Other payables	55	384	3,739	619
Accruals	10,191	422	5,801	2,059
	10,246	4,056	19,341	14,117

The aged analysis of trade payables is as follows:

	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 April 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 30 days	–	–	3,885	–
31 – 60 days	–	619	3,911	5,377
61 – 90 days	–	–	2,005	6,062
91 – 180 days	–	–	–	–
181 – 365 days	–	2,631	–	–
Over 365 days	–	–	–	–
	–	3,250	9,801	11,439

The trade payables are interest free and are normally settled on or before the delivery and may allow to settle within 180 days.

23. BANK BORROWINGS

	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 April 2011 RMB'000
Bank borrowings – secured – wholly repayable within five years	25,000	75,000	–	–
Bank borrowings – secured – within one year	25,000	75,000	–	–
Less: amount repayable within one year included in current liabilities	(25,000)	(75,000)	–	–
	–	–	–	–

The range of effective interest rate on bank borrowings for the years ended 31 December 2008 and 2009 is 6.14% and 6.14% – 5.10% per annum, respectively.

As at 31 December 2008, Zhong He Libert's bank borrowings were secured by prepaid lease payments and property, plant and equipment, amounting to approximately RMB29,363,000 and approximately RMB60,949,000 respectively.

As at 31 December 2009, Zhong He Libert's bank borrowings were secured by prepaid lease payments and property, plant and equipment, amounting to approximately RMB55,920,000 and approximately RMB155,330,000 respectively.

All bank borrowings are denominated in RMB.

24. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest-free and repayable on demand.

25. SHARE CAPITAL

	Registered capital RMB'000
At 1 January 2008, 31 December 2008 and 1 January 2009	54,717
Increase of registered capital	32,058
At 31 December 2009, 31 December 2010 and 1 January 2011	86,775
Increase of registered capital	202,316
At 30 April 2011	289,091

	Paid-in capital
	RMB'000
At 1 January 2008	42,255
Additions of paid-in capital	12,462
At 31 December 2008 and 1 January 2009	54,717
Additions of paid-in capital	32,058
At 31 December 2009, 31 December 2010 and 1 January 2011	86,775
Additions of paid-in capital	202,316
At 30 April 2011	289,091

As at 31 December 2008, 2009 and 2010, Zhong He Libert has a registered and paid-in capital of USD7,200,000, USD12,000,000 and USD12,000,000 respectively (equivalent to approximately RMB54,717,000, RMB86,775,000 and RMB86,775,000 respectively).

Zhong He Libert, which was former known as Zhangjiagang FTZ Libaite Steel Products Co., Ltd., a company established in the PRC with limited liability on 20 October 2006, has been converted into a joint stock company incorporated in the PRC with limited liability, since 31 January 2011. As at 31 January 2011 and 30 April 2011, Zhong He Libert had a total number of issued shares of approximately 289,091,000 shares with par value of RMB1 for each share, representing total registered and paid-in capital of approximately RMB289,091,000.

26. RESERVES

(a) Increase in paid-in capital

On 3 April 2009, Shanghai Libaite, the immediate holding company of Zhong He Libert, and East King provided capital injection to Zhong He Libert by transferring retained earnings amounted to approximately RMB15,180,000 to share capital, representing capital injection from Shanghai Libaite and East King of approximately RMB10,626,000 and approximately RMB4,554,000 respectively. The transaction was, under relevant laws and regulations in the PRC, in substance equivalent to the effect of declaring and paying dividends to the shareholders of Zhong He Libert out from retained earnings and the shareholders then immediately reinvested the dividends received back to the paid-in capital of Zhong He Libert. As at 3 April 2009, Shanghai Libaite and East King still held 70% and 30% of the entire paid-in capital of Zhong He Libert respectively. Regarding the increase in paid-in capital, a capital verification report dated on 7 April 2009 have been prepared by certified public accountants in the PRC and submitted to company registration authorities in the PRC.

(b) Transfer of reserves to share capital

Zhong He Libert, which was former known as Zhangjiagang FTZ Libaite Steel Products Co., Ltd., a company established in the PRC with limited liability on 20 October 2006, has been converted into Zhong He Libert, a joint stock company incorporated in the PRC with limited liability, since 31 January 2011. Upon the conversion, the shareholders of Zhong He Libert agreed to subscribe additional registered capital of approximately RMB202,316,000. Capital injection for the additional registered capital was achieved by transferring the distributable reserves of Zhong He Libert, including capital reserve, statutory reserve and retained earnings to the paid-in capital. The transaction was, under relevant laws and regulations in the PRC, in substance equivalent to the effect of declaring and paying dividends to the shareholders of Zhong He Libert out from distributable reserves and the shareholders then immediately reinvested the dividends received back to the paid-in of Zhong He Libert. Regarding the transfer of reserves to share capital, a capital verification report dated on 23 January 2011 have been prepared by certified public accountants in the PRC and submitted to company registration authorities in the PRC.

(c) Capital reserve

The capital reserve represents the excess of the amounts received for subscriptions for registered capital over the nominal amount.

27. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, Zhong He Libert had entered into the following related party transactions, which in the opinion of the directors of Zhong He Libert, were carried out on normal commercial terms and in the ordinary course of Zhong He Libert.

(a) Compensation of key management personnel of Zhong He Libert, including directors' remuneration as detailed in Note 9 above.

	For the year ended 31 December 2008	**For the year ended 31 December 2009**	**For the year ended 31 December 2010**	**For the period from 1 January 2010 to 30 April 2010**	**For the period from 1 January 2011 to 30 April 2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Basic salaries and allowances	218	312	330	110	136
Pension scheme contributions	8	14	15	5	7
Total compensation paid to key management personnel	226	326	345	115	143

(b) Zhong He Libert had the following material transactions with a related company, China Nuclear Industry, during the Relevant Periods:

	For the year ended 31 December 2008	**For the year ended 31 December 2009**	**For the year ended 31 December 2010**	**For the period from 1 January 2010 to 30 April 2010**	**For the period from 1 January 2011 to 30 April 2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Sales of goods	–	–	2,324	–	6,465

(c) Zhong He Libert had the following material transactions with a related company, Shanghai Hengxu, during the Relevant Periods:

	For the year ended 31 December 2008 *RMB'000*	For the year ended 31 December 2009 *RMB'000*	For the year ended 31 December 2010 *RMB'000*	For the period from 1 January 2010 to 30 April 2010 *RMB'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
Sales of goods	–	–	–	–	5,128

(d) Zhong He Libert had the following material transactions with a related company, 上海捷燕工程技術有限公司 (transliterated as "Shanghai Jieyan Engineering Technology Co., Ltd."), during the Relevant Periods:

	For the year ended 31 December 2008 *RMB'000*	For the year ended 31 December 2009 *RMB'000*	For the year ended 31 December 2010 *RMB'000*	For the period from 1 January 2010 to 30 April 2010 *RMB'000* *(Unaudited)*	For the period from 1 January 2011 to 30 April 2011 *RMB'000*
Sales of goods	–	–	–	–	171

28. CONTINGENT LIABILITIES

As at 31 December 2008, 2009 and 2010 and 30 April 2011, Zhong He Libert did not have contingent liabilities.

29. OPERATING LEASE COMMITMENTS

As at 31 December 2008, 2009 and 2010 and 30 April 2011, Zhong He Libert did not have any significant operating lease commitments.

30. CAPITAL COMMITMENTS

As at 31 December 2008, 2009 and 2010 and 30 April 2011, Zhong He Libert had capital commitments as follows:

	As at 31 December 2008 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*	As at 30 April 2011 *RMB'000*
Commitments in respect of acquisition of property, plant and equipment				
– authorised and contracted for	34,470	–	–	6,391

31. PLEDGE OF ASSETS

As at 31 December 2008, Zhong He Libert's bank borrowings were secured by prepaid lease payments and property, plant and equipment, amounting to approximately RMB29,363,000 and approximately RMB60,949,000 respectively.

As at 31 December 2009, Zhong He Libert's bank borrowings were secured by prepaid lease payments and property, plant and equipment, amounting to approximately RMB55,920,000 and approximately RMB155,330,000 respectively.

32. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the Financial Information, there was no significant event took place subsequent to 30 April 2011.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Zhong He Libert in respect of any period subsequent to 30 April 2011 and no dividends or other distributions have been declared by Zhong He Libert in respect of any period subsequent to 30 April 2011.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong

Set out below is the letter from Ernst & Young, the auditors of Tack Hsin, on the unaudited pro forma financial information of the Enlarged Group together with the unaudited pro forma statement of assets and liabilities of the Enlarged Group in connection with the Acquisition of Well Link.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

12 August 2011

The Board of Directors
Tack Hsin Holdings Limited
Unit 1203, 12/F Peninsula Centre,
67 Mody Road, Tsim Sha Tsui East,
Kowloon, Hong Kong

Dear Sirs,

Tack Hsin Holdings Limited
Unaudited Pro Forma Statement of Assets and Liabilities

We report on the unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Statement of Assets and Liabilities") set out on pages 116 to 118 in Appendix III to the circular of Tack Hsin Holdings Limited (the "Company", together with its subsidiaries, referred to as the "Group") dated 12 August 2011 (the "Circular"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information to the shareholders of the Company about how the Acquisition (as defined in the Circular) might have affected the historical financial information presented therein. The basis of preparation of the Unaudited Pro Forma Statement of Assets and Liabilities is set out on page 115 to the Circular.

Respective responsibilities of the directors of the Company

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Statement of Assets and Liabilities in accordance with paragraph 4.29 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Respective responsibilities of the reporting accountants

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Statement of Assets and Liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Statement of Assets and Liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standards on Investment Circular Reporting Engagements 300 *Accountants' Reports on Pro Forma Financial Information in Investment Circulars* issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the unaudited evidence supporting the adjustments, and discussing the Unaudited Pro Forma Statement of Assets and Liabilities with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Statement of Assets and Liabilities.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Statement of Assets and Liabilities is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of financial position of the Enlarged Group as at 31 March 2011 had the acquisition of Well Link actually been completed on that date or any future dates.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

INTRODUCTION TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Statement") set out in section 1 below has been prepared by the directors of the Company in accordance with paragraph 14.67 of the Listing Rules, for illustrative purpose only, to provide information about how the proposed Acquisition might have affected the financial position of the Group as if the Acquisition had been completed on 31 March 2011, on the precedent condition that Well Link has completed the acquisition of the entire equity interest in East King on the same day.

The Statement has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2011 included in the published annual report of the Group for the year ended 31 March 2011 and the audited statement of financial position of Well Link and East King as at 30 April 2011 as set out in the Accountants' Report of Well Link and East King included in Appendices IIA and IIB, respectively, to this Circular, after making certain pro forma adjustments that are (i) directly attributable to the Acquisition and (ii) factually supportable, as further described in the accompanying notes.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 March 2011. Furthermore, the Statement does not purport to predict the Enlarged Group's future financial position.

The Statement should be read in conjunction with the financial information of the Group, Well Link and East King as set out in Appendices I, IIA and IIB to this Circular, respectively, and other financial information included elsewhere in this Circular.

(1) Unaudited pro forma statement of assets and liabilities of the Enlarged Group

HK$'000	**The Group as at 31 March 2011**	**Well Link as at 30 April 2011**	**East King as at 30 April 2011**	**Pro forma adjustments**		**Pro forma Combined: The Enlarged Group**
	Note (a)	*Note (b)*	*Note (c)*			
NON-CURRENT ASSETS						
Property, plant and equipment	20,981	–	–			20,981
Investment properties	29,500	–	–			29,500
Prepaid land lease payments	7,073	–	–			7,073
Available-for-sale investment	500	–	–			500
Prepayment	1,253	–	–			1,253
Deferred tax assets, net	1,620	–	–			1,620
Interest in an associate	–	–	87,180	4,260	*Note (d)*	91,440
Goodwill	–	–	–	110,935	*Note (f)*	110,935
Total non-current assets	60,927	–	87,180			263,302
CURRENT ASSETS						
Inventories	3,905	–	–			3,905
Trade receivables	969	–	–			969
Prepayments, deposits and other receivables	16,544	–	–			16,544
Tax recoverable	516	–	–			516
Cash and cash equivalents	336,720	–	81	(80,000)	*Note (e)*	256,801
Total current assets	358,654	–	81			278,735
CURRENT LIABILITIES						
Trade payables	5,641	–	–			5,641
Other payables and accruals	20,622	3	15	2,282	*Notes (g), (h)*	22,922
Provision for long service payments	1,060	–	–			1,060
Derivative financial instruments	903,377	–	–			903,377
Amount due to holding company	–	10	–	(10)	*Note (g)*	–
Amount due to a director	–	–	21,319	(21,319)	*Note (g)*	–
Amount due to an associate	–	–	2,456			2,456
Total current liabilities	930,700	13	23,790			935,456
NET CURRENT LIABILITIES	(572,046)	(13)	(23,709)			(656,721)

HK$'000	**The Group as at 31 March 2011** *Note (a)*	**Well Link as at 30 April 2011** *Note (b)*	**East King as at 30 April 2011** *Note (c)*	**Pro forma adjustments**		**Pro forma Combined: The Enlarged Group**
TOTAL ASSETS LESS CURRENT LIABILITIES	(511,119)	(13)	63,471			(393,419)
NON-CURRENT LIABILITIES						
Convertible bonds	178,924	–	–	120,000	*Note (e)*	298,924
Deferred tax liabilities, net	65	–	–			65
Total non-current liabilities	178,989	–	–			298,989
Net assets/(liabilities)	(690,108)	(13)	63,471			(692,408)

Notes:

(a) The balances are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2011 included in the published annual report of the Group for the year ended 31 March 2011.

(b) The balances are extracted from the audited statement of financial position of Well Link as at 30 April 2011 included in the Accountants' Report of Well link, which is set in Appendix IIA to the Circular.

(c) The balances are extracted from the audited statement of financial position of East King as at 30 April 2011 included in the Accountants' Report of East King, which is set in Appendix IIB to the Circular.

(d) The adjustment represents the estimated fair value adjustment of the land and buildings and the plant and machinery of Zhong He Libert at 30 April 2011, on the assumption that Well Link acquired East King on 31 March 2011.

(e) Pursuant to Acquisition Agreement, the consideration of the Acquisition shall be satisfied by the issue of the Convertible Bonds of the Company with principal amount of HK$120,000,000 and cash of HK$80,000,000.

(f) The adjustment represents total goodwill arising from the Acquisition and is estimated as follows:

(i) Goodwill arising from the acquisition of East King by Well Link

	HK$'000	
Total cost of investment settled by cash	180,000	
Less: fair value of the net identifiable assets of East King to be acquired:		
Net assets of East King	63,471	
Fair value adjustment of investment in Zhong He Libert	4,260	*(Note (d))*
Add: amount due to a director	21,319	*(Note (g))*
Add: other payables and accruals	15	*(Note (g))*
Fair value of the net identifiable assets of East King	89,065	
Goodwill arising from the acquisition of East King	90,935	

(ii) Goodwill arising from the acquisition of Well Link by the Company

	HK$'000	
Cash consideration	80,000	*(Note (e))*
Issuance of convertible bonds	120,000	*(Note (e))*
Total cost of investment	200,000	
Less: fair value of the net identifiable assets of Well Link to be acquired:		
Net liabilities of Well Link	(13)	
Add: Investment in East King	180,000	*(Note (f)(i))*
Add: amount due to holding company	10	*(Note (g))*
Add: other payables and accruals	3	*(Note (g))*
Fair value of the net identifiable assets of Well Link	180,000	
Goodwill arising from the acquisition of Well Link	20,000	
Goodwill arising from the Acquisition	110,935	

(g) Pursuant to Acquisition Agreement and East King Agreement, the Enlarged Group will not take up any liabilities of Well Link and East King as at the date of Completion.

(h) The adjustment represents the estimated legal and professional costs directly attributable to the Acquisition, amounting to approximately HK$2,300,000. The legal and professional costs are non recurring nature and will not have a continuing effect on the financial statements on the Enlarged Group in subsequent years.

The audited consolidated financial information of the Group (i) for the year ended 31 March 2011 was disclosed in the annual report of the Company for the year ended 31 March 2011 published on 19 July 2011, from pages 22 to 76; (ii) for the year ended 31 March 2010 was disclosed in the annual report of the Company for the year ended 31 March 2010 published on 23 July 2010, from pages 19 to 70; and (iii) for the year ended 31 March 2009 was disclosed in the annual report of the Company for the year ended 31 March 2009 published on 22 July 2009, from pages 20 to 64. All of which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://tackhsin.etnet.com.hk).

Set out below is the management discussion and analysis of Well Link, East King and Zhong He Libert:

Well Link

(i) For the period from 1 January 2011 to 30 April 2011

Business Review

Well Link is an investment holding company. Since Well Link was incorporated on 26 October 2010, for the year under review, Well Link did not undertake any activity except for incurring certain administrative expenditure.

Financial Review

Capital Structure

On 5 November 2010, Well Link issued and allotted one ordinary share of HK$8 each and as at 30 April 2011, the share capital of Well Link remained the same. Well Link recorded an amount of HK$9,692 due to its holding company, Shining Rejoice Limited, which was unsecured, interest-free and repayable on demand.

Turnover

Since Well Link was incorporated on 26 October 2010, for the year under review, Well Link did not undertake any activity and therefore there was no turnover recorded.

Liquidity and financial resources

As at 30 April 2011, Well Link had no cash and bank balances.

Gearing ratio

As at 30 April 2011, Well Link had no current assets and had total current liabilities of HK$12,692, being the total amount of HK$3,000 of accruals and

HK$9,692 of amount due to holding company. Therefore, the current ratio of Well Link was Nil. Well Link monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of HK$9,692 divided by its total equity of HK$12,692. Therefore, the gearing ratio 0.76 time for the period under review.

Capital expenditures

For the period under review, Well Link had no capital expenditure.

Major investment and substantial acquisition and disposal

For the period under review, Well Link had no major investment nor substantial acquisition and disposal.

Contingent Liabilities and charged assets

As at 30 April 2011, Well Link had no contingent liabilities and charged assets.

Trade and other receivables and prepayments

As at 30 April 2011, Well Link had no trade and other receivables and prepayments.

Inventories

As at 30 April 2011, Well Link had no inventories.

Exchange rate risks

It is stated in the Accountants' Report of Well Link of Appendix IIA that its main operations were in Hong Kong and most of the transactions were denominated in Hong Kong dollars. Well Link did not have a foreign currency hedging policy under the period of review.

Employees and emolument policies

During the period under review, Well Link had appointed one director and did not have any employees. No director's emoluments were paid by Well Link.

Dividend

The director of Well Link did not recommend the payment of any dividend.

Future plans for material investments or capital assets

As disclosed in this circular, Well Link proposed to acquire a total of 25% interest in Zhong He Libert through the Acquisition at the Consideration.

(ii) For the period from 26 October 2010 (date of incorporation) to 31 December 2010

Business Review

Well Link is an investment holding company. Since Well Link was incorporated on 26 October 2010, for the year under review, Well Link did not undertake any activity except for incurring certain administrative expenditure.

Financial Review

Capital Structure

Well Link was incorporated on 26 October 2010 and on 5 November 2010, Well Link issued and allotted one ordinary share of HK$8 each and as at 31 December 2010, the share capital of Well Link remained the same. Well Link recorded an amount of HK$9,692 due to its holding company, Shining Rejoice limited, which was unsecured, interest-free and repayable on demand.

Turnover

Since Well Link was incorporated on 26 October 2010, for the year under review, Well Link did not undertake any activity and therefore there was no turnover recorded.

Liquidity and financial resources

As at 31 December 2010, Well Link had no cash and bank balances.

Gearing ratio

As at 31 December 2010, Well Link had no current assets and had current liabilities of HK$9,692. Therefore, the current ratio of Well Link was Nil. Well Link monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of HK$9,692 divided by its total equity of HK$9,692. Therefore, the gearing ratio was 1 time for the period under review.

Capital expenditures

For the period under review, Well Link had no capital expenditure.

Major investment and substantial acquisition and disposal

For the period under review, Well Link had no major investment nor substantial acquisition and disposal.

Contingent Liabilities and charged assets

As at 31 December 2010, Well Link had no contingent liabilities and charged assets.

Trade and other receivables and prepayments

As at 31 December 2010, Well Link had no trade and other receivables and prepayments.

Inventories

As at 31 December 2010, Well Link had no inventories.

Exchange rate risks

It is stated in the Accountants' Report of Well Link of Appendix IIA that its main operations were in Hong Kong and most of the transactions were denominated in Hong Kong dollars. Well Link did not have a foreign currency hedging policy under the period of review.

Employees and emolument policies

During the period under review, Well Link had appointed one director and did not have any employees. No director's emoluments were paid by Well Link.

Dividend

The director of Well Link did not recommend the payment of any dividend.

East King

(i) For the period from 1 January 2011 to 30 April 2011

Business Review

East King is an investment holding company. For the period under review, East King did not engage in any operational activity. East King's main investment was its 25% interest in Zhong He Libert. The share of profit from Zhong He Libert for the period under review was HK$3,440,000 (For the same period in 2010: HK$284,000). East King's profit for the period under review was HK$1,225,000 (For the same period in 2010: profit HK$283,000). East King also recorded a share of other comprehensive income of an associate of HK$1,316,000 (For the same period in 2010: HK$57,000).

Financial Review

Capital Structure

As at 30 April 2011, East King had ten thousand ordinary share of HK$1.00 each in issue and as at 30 April 2011, the share capital of East King remained the same. East King recorded a total amount of liabilities of HK$23,790,000, being the amount of HK$21,319,000 due to a director (Shen Wei Qiang who is the sole director of East King), an amount of HK$2,456,000 due to an associate, Zhong He Libert and an accrual amount of HK$15,000. Such amounts due to the director and associate were unsecured, interest-free and repayable on demand.

Turnover

Since East King is an investment holding company, for the period under review, East King did not undertake any activity and therefore there was no turnover recorded.

Liquidity and financial resources

As at 30 April 2011, East King had cash and bank balances of HK$81,000 (31 December 2010: HK$31,000).

Gearing ratio

As at 30 April 2011, East King had current assets in the amount of HK$81,000 and total current liabilities of HK$23,790,000. Therefore, the current ratio of East King was 0.0034 time (For the same period in 2010: 0.0014 time). East King monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of HK$23,775,000 divided by its total equity of HK$63,471,000. Therefore, the gearing ratio was 0.37 time for the period under review.

Capital expenditures

For the period under review, East King had no capital expenditure.

Major investment and substantial acquisition and disposal

For the period under review, East King's major investment was in its associate, Zhong He Libert which amounted to the cost of investment of HK$81,175,000 as at 30 April 2011. East King held 25% interest in Zhong He Libert which accounted for as an investment in an associate of East King.

Contingent Liabilities and charged assets

As at 30 April 2011, East King had no contingent liabilities and charged assets.

Trade and other receivables and prepayments

As at 30 April 2011, East King had no trade and other receivables and prepayments.

Inventories

As at 30 April 2011, East King had no inventories.

Exchange rate risks

It is stated in the Accountants' Report of East King of Appendix IIB that its main operations were in Hong Kong and most of the transactions were denominated in Hong Kong dollars. East King did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review.

Employees and emolument policies

During the period under review, East King had appointed one director and did not have any employees. No director's emoluments were paid by East King.

Dividend

The director of East King did not recommend the payment of any dividend.

(ii) For the period ended 31 December 2010

Business Review

East King is an investment holding company. For the year under review, East King did not engage in any operational activity. East King's main investment was its 25% interest in Zhong He Libert. During the period under review, East King disposed of 5% of Zhong He Libert which recorded a loss of HK$14,329,000. The share of profit from Zhong He Libert for the period under review was HK$8,274,000 (2009: HK$41,729,000). East King's loss for the year was HK$6,056,000 (2009: profit HK$41,467,000). The decrease in profit was mainly contributed by the signification decrease in its share of profit of an associate amounted from approximately HK$41,729,000 in 2009 to approximately HK$8,274,000 in 2010. Also, there was a loss on the disposal of interests in an associate amounted to approximately HK$14,329,000. East King also recorded a share of other comprehensive income of an associate of HK$931,000 (2009: loss of HK$263,000).

Financial Review

Capital Structure

As at 31 December 2010, East King had ten thousand ordinary share of HK$1.00 each in issue and as at 31 December 2010, the share capital of East King remained the same. East King recorded a total amount of liabilities of HK$21,525,000, being the amount of HK$21,268,000 due to a director (Shen Wei Qiang who is the sole director of East King) (as at 31 December 2009: HK$22,986,000) and an amount of HK$257,000 (as at 31 December 2009: HK$257,000) due to an associate, Zhong He Libert. Such amounts due to the director and associate were unsecured, interest-free and repayable on demand.

Turnover

Since East King is an investment holding company, for the year under review, East King did not undertake any activity and therefore there was no turnover recorded.

Liquidity and financial resources

As at 31 December 2010, East King had cash and bank balances of HK$31,000 (2009: HK$46,000). The decrease in bank balances was mainly due to such cash and bank balances denominated in USD.

Gearing ratio

As at 31 December 2010, East King had current assets in the amount of HK$31,000 and total current liabilities of HK$21,525,000. Therefore, the current ratio of East King was 0.0014 time (2009: 0.0020). East King monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of HK$21,525,000 divided by its total equity of HK$60,930,000. Therefore, the gearing ratio was 0.35 time (For the same period in 2009: 0.35 time) for the period under review.

Capital expenditures

For the period under review, East King had no capital expenditure.

Major investment and substantial acquisition and disposal

For the period under review, East King's major investment was in its associate, Zhong He Libert which amounted to the cost of investment of HK$23,400,000 as at 31 December 2010 (2009: HK$28,080,000). During the period under review, East King had transferred 5% of its interest in Zhong He Libert to a third party for proceeds of approximately HK$1,704,000. Such disposal resulted in the recognition of a loss of HK$14,329,000 in the profit and loss accounts of East King. After such disposal, East King still retained 25% interest in Zhong He Libert which continued to account for as an investment in an associate of East King.

Contingent Liabilities and charged assets

As at 31 December 2010, East King had no contingent liabilities and charged assets.

Trade and other receivables and prepayments

As at 31 December 2010, East King had no trade and other receivables and prepayments.

Inventories

As at 31 December 2010, East King had no inventories.

Exchange rate risks

It is stated in the Accountants' Report of East King of Appendix IIB that its main operations were in Hong Kong and most of the transactions were denominated in Hong Kong dollars. East King did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review.

Employees and emolument policies

During the period under review, East King had appointed one director and did not have any employees. No director's emoluments were paid by East King.

Dividend

The director of East King did not recommend the payment of any dividend.

(iii) For the period ended 31 December 2009

Business Review

East King is an investment holding company. For the year under review, East King did not engage in any operational activity. East King's main investment was its 30% interest in Zhong He Libert. The share of profit from Zhong He Libert for the period under review was HK$41,729,000 (2008: HK$12,705,000). East King's profit for the year was HK$41,467,000 (2008: profit HK$12,702,000). East King also recorded a share of other comprehensive loss of an associate of HK$263,000 (2008: income of HK$1,615,000).

Financial Review

Capital Structure

As at 31 December 2009, East King had ten thousand ordinary share of HK$1.00 each in issue and as at 31 December 2009, the share capital of East King remained the same. East King recorded a total amount of liabilities of HK$23,243,000, being the amount of HK$22,986,000 (2008: HK$17,977,000) due to a director (Shen Wei Qiang who is the sole director of East King) and an amount of HK$257,000 (2008: Nil) due to an associate, Zhong He Libert. Such amounts due to the director and associate were unsecured, interest-free and repayable on demand.

Turnover

Since East King is an investment holding company, for the year under review, East King did not undertake any activity and therefore there was no turnover recorded.

Liquidity and financial resources

As at 31 December 2009, East King had cash and bank balances of HK$46,000 (2008: HK$1,126,000). The decrease in bank balances was mainly due to such cash and bank balances denominated in USD.

Gearing ratio

As at 31 December 2009, East King had current assets in the amount of HK$46,000 and total current liabilities of HK$23,243,000. Therefore, the current ratio of East King was 0.0020 time (2008: 0.0626 time). East King monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of HK$23,243,000 divided by its total equity of HK$66,055,000. Therefore, the gearing ratio was 0.35 time (2008: 0.72 time) for the period under review.

Capital expenditures

For the period under review, East King had no capital expenditure.

Major investment and substantial acquisition and disposal

For the period under review, East King's major investment was in its associate, Zhong He Libert which amounted to the cost of investment of HK$28,080,000 as at 31 December 2009 (2009: HK$16,848,000).

Contingent Liabilities and charged assets

As at 31 December 2009, East King had no contingent liabilities and charged assets.

Trade and other receivables and prepayments

As at 31 December 2009, East King had no trade and other receivables and prepayments.

Inventories

As at 31 December 2009, East King had no inventories.

Exchange rate risks

It is stated in the Accountants' Report of East King of Appendix IIB that its main operations were in Hong Kong and most of the transactions were denominated in Hong Kong dollars. East King did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review. For the period under review, East King had USD denominated monetary assets equivalent to HK$46,000 and thus, East King was exposed to the effects of fluctuation of USD. East King recorded a profit of USD equivalent amount of HK$2,000.

Employees and emolument policies

During the period under review, East King had appointed one director and did not have any employees. No director's emoluments were paid by East King.

Dividend

The director of East King did not recommend the payment of any dividend.

(iv) For the period ended 31 December 2008

Business Review

East King is an investment holding company. For the year under review, East King did not engage in any operational activity. East King's main investment was its 30% interest in Zhong He Libert. The share of profit from Zhong He Libert for the period under review was HK$12,705,000. East King's profit for the year was HK$12,702,000. East King also recorded a share of other comprehensive income of an associate of HK$1,615,000.

Financial Review

Capital Structure

As at 31 December 2008, East King had ten thousand ordinary share of HK$1.00 each in issue and as at 31 December 2008, the share capital of East King remained the same. East King recorded a total amount of liabilities of HK$17,977,000 due to a director (Shen Wei Qiang who is the sole director of East King). Such amount due to the director was unsecured, interest-free and repayable on demand.

Turnover

Since East King is an investment holding company, for the year under review, East King did not undertake any activity and therefore there was no turnover recorded.

Liquidity and financial resources

As at 31 December 2008, East King had cash and bank balances of HK$1,126,000.

Gearing ratio

As at 31 December 2008, East King had current assets in the amount of HK$1,126,000 and total current liabilities of HK$17,977,000. Therefore, the current ratio of East King was 0.0626 time. East King monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of HK$17,977,000 divided by its total equity of HK$24,851,000. Therefore, the gearing ratio was 0.72 time for the period under review.

Capital expenditures

For the period under review, East King had no capital expenditure.

Major investment and substantial acquisition and disposal

For the period under review, East King's major investment was in its associate, Zhong He Libert which amounted to the cost of investment of HK$16,848,000 as at 31 December 2008.

Contingent Liabilities and charged assets

As at 31 December 2008, East King had no contingent liabilities and charged assets.

Trade and other receivables and prepayments

As at 31 December 2008, East King had no trade and other receivables and prepayments.

Inventories

As at 31 December 2008, East King had no inventories.

Exchange rate risks

It is stated in the Accountants' Report of East King of Appendix IIB that its main operations were in Hong Kong and most of the transactions were denominated in Hong Kong dollars. East King did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review. For the period under review, East King had USD denominated monetary assets equivalent to HK$1,126,000 and thus, East King was exposed to the effects of fluctuation of USD. East King recorded a profit of USD equivalent amount of HK$56,000.

Employees and emolument policies

During the period under review, East King had appointed one director and did not have any employees. No director's emoluments were paid by East King.

Dividend

The director of East King did not recommend the payment of any dividend.

Zhong He Libert

(i) For the period from 1 January 2011 to 30 April 2011

Business Review

Zhong He Libert is principally engaged in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas. Customers of the Zhong He Libert include reputable international industrial companies from the PRC and North America. For the year ended 31 December 2010, the sales attributable to the customers from the PRC and North America amounted to approximately RMB94.93 million and RMB16.61 million respectively and representing approximately 85.10% and 14.90% of the total sales for the same year. Since the incorporation of Zhong He Libert in 2006, Zhong He Libert has been actively expanding its product profile and customer bases. As at the Latest Practicable Date, Zhong He Libert has 17 active customers as of 30 April 2011. In addition, some of the existing customers have continued business relationship with Zhong He Libert for over three years. For the period under review, the turnover for the sales of goods from major products and services was RMB66,881,000 (For the same period in 2010: RMB19,917,000), representing an increase of approximately 235.80% compared to the same period in 2010. The significant increase of RMB46,964,000 was partly due to an increase in the number of PRC customers, thus the growth in sales in the PRC market which recorded a turnover of RMB57,056,000 (For the same period in 2010 (unaudited): RMB12,630,000). Due to the nature of business of Zhong He Libert, there is no seasonal fluctuation on the order placed as it depends on the needs of the customers. Zhong He Libert has been able to deliver the products to meet the specific requirements and expectations of its customers. As a result, it has brought in recurring business to Zhong He Libert and more orders have been placed by customers. For the eight months ended 31 December 2010, the sales of good from major products and services was approximately RMB91,402,000 which is approximately 4.59 times of the sales of goods from major products and services for the first four months in 2010. During the four months ended 30 April 2011, the number of customers who had transaction(s) with Zhong He Libert was 17 as compared to 15 for the year ended 31 December 2010. Among the 17 customers, 7 were new and did not have transactions with Zhong He Libert for the three years ended 31 December 2010. Such new customers include well known international industrial companies which are solution providers for chemical and specialty materials industry and manufacturers of chemical materials for customers worldwide.

Thus, it is expected that the turnover of Zhong He Libert will continue to grow as there is a growing demand in the products of Zhong He Libert in the PRC market. The sales to overseas market, mainly North America, generated the turnover of RMB9,990,000 (The same period in 2010: RMB7,446,000) which accounted for approximately 14.90% of the total turnover for the period under review. This was due to a major and reliable customer located in North America which contributed to the increase in turnover and it is expected that Zhong He Libert will co-operate with this major customer closely in the future.

The profit for the period was RMB11,627,000 The same period in 2010: RMB584,000, representing an increase of approximately 18.9 times compared to the same period in 2010. The increase was due to the growth in turnover in 2011 and the administrative expenses and taxation in 2011 did not increase substantially in 2011 and also no finance costs was incurred in 2011. Besides, the gross profit for the period was RMB14,223,000 (the same period in 2010: RMB2,267,000).

Since Zhong He Libert has been able to meet the requirements of its customers by delivering the products on time in accordance with the customers' specifications and it would also provide maintenance service to customers if requested by customers, it could build up good customer relationships. The quality of the products and after-sale service are the main factors for existing customers to place more orders which resulted in the substantial increase in the turnover in the four-month period ended 30 April 2011 compared to the same period in 2010. There was a significant growth from an existing customer from North America which recorded a turnover of RMB9,750,000 in April 2011 compared with the turnover of RMB3,251,861 in 2010.

In addition, due to the nature of Zhong He Libert's business, the customers would make payment by installments, generally about 30% as a deposit and the remaining amount would depend on the terms on the relevant contracts subject to fulfillment of certain deliverables or completion of the projects as set out in the relevant contracts. Generally, it would take a few months to deliver the products subject to the requirements of the customers. Thus, the turnover for the four-month period ended 30 April 2011 was recorded when the projects were completed or certain deliverables were fulfilled by Zhong He Libert which were contracted in late 2010.

The substantial growth for the four-month period ended 30 April 2010 was also due to the orders placed by a subsidiary of China Nuclear. Such subsidiary started placing orders with Zhong He Libert in 2010 and since it is satisfied with the products and services of Zhong He Libert, it has increased placing its orders. This is also one of the reasons that China Nuclear invested in Zhong He Libert as a strategic investor as its subsidiary and Zhong He Libert have conducted business and understand how Zhong He Libert does its business and it is satisfied with the products and services of Zhong He Libert.

Also, due to the global economic crisis in 2008, there was a downturn in the demand of chemical plant products in 2008 to 2009. In 2010 to 2011, the demand for chemical plant products has increased and thus, there was significant growth in the turnover of Zhong He Libert. As mentioned above, if the orders were placed in 2010, it would take a few months to deliver the products and therefore the payment would be made in 2011 which resulted in the significant growth in the turnover in the four-month period ended 30 April 2011.

Due to the specific nature of Zhong He Libert's business, there are not many competitors in the industry. Also, the position of Zhong He Libert in the business will be strengthened by having China Nuclear as a strategic partner.

Financial Review

Capital Structure

As at 30 April 2011, Zhong He Libert is owned as to 25% by East King, 10% by China Nuclear, 60% by Shanghai Libaite Investment Co. Ltd. and 5% by Shenzhen Hua Rui Investment Co., Ltd.

For the period under review, Zhong He Libert had a total number of issued shares of approximately 289,091,000 shares with par value of RMB1.00 each, representing a total registered and paid-in capital of approximately RMB289,091,000.

Zhong He Libert (former name Zhangjiagang FTZ Libaite Steel Products Co., Ltd.,) was established in the PRC with limited liability on 20 October 2006 which has been converted to a joint stock company in PRC with limited liability and its name has also been changed. Upon conversion, the shareholders of Zhong He Libert agreed to subscribe for additional registered capital of approximately RMB202,316,000. The additional registered capital was achieved by capital injection by way of transferring the distributable reserves of Zhong He Libert, including capital reserve, statutory reserve and retained earnings to the paid-in capital.

As at 30 April 2011, Zhong He Libert recorded a total amount of liabilities of RMB61,650,000, being the total of trade and other payables amounted to RMB14,117,000, trade deposit received in advance from customers in the amount of RMB3,608,000, amount due to immediate holding company of RMB42,266,000 and income tax payable of RMB1,659,000. Such amount due to the immediate holding company was unsecured, interest-free and repayable on demand. There was no bank borrowing during the period under review.

The trade payables were interest free and were normally settled on or before delivery and may allow to be settled within 180 days. For the period under review, the maximum number of days that the trade payables were due to be settled was 90 days. The customers of Zhong He Libert would usually be able to settle such trade payables when they were due.

The amount due to immediate holding company, Shanghai Libaite, of RMB42,266,000 was unsecured, interest-free and repayable within one year but subject to Zhong He Libert having sufficient funds, the lender may request the loan to be repaid on demand.

Turnover

For the period under review, the total turnover was RMB67,046,000 (The same period in 2010 (unaudited): RMB20,076,000), representing the turnover for the sales of goods from major products and services of RMB66,881,000 (For the same period in 2010: RMB19,917,000) and sale of scrap materials of RMB165,000 (The same period in 2010: RMB159,000). The substantial growth of the total turnover of approximately 2.34 times on a year-on-year basis was due to the growth in the demand of the products and services in the PRC.

Liquidity and financial resources

As at 30 April 2011, Zhong He Libert had cash and bank balances of RMB18,789,000. Majority of cash at bank and in hand were denominated in RMB.

As at 30 April 2011, there was no bank borrowings. An amount of RMB42,266,000 was due to immediate holding company, such amount was used as working capital for Zhong He Libert's daily operations and the construction of factory premises.

Gearing ratio

As at 30 April 2011, Zhong He Libert had current assets in the amount of RMB110,604,000 and total current liabilities of RMB61,650,000. Therefore, the current ratio of Zhong He Libert was 1.79 times. Zhong He Libert monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of RMB42,226,000 divided by its total equity of RMB291,743,000. Therefore, the gearing ratio was 0.14 time for the period under review. Zhong He Libert's policy is to keep the gearing ratio at a reasonable level.

Capital expenditures

Capital expenditure for the year amounted to RMB15,554,000, which was used for construction of and building infrastructure for factory premises of Zhong He Libert for its future development.

Major investment and substantial acquisition and disposal

For the period under review, Zhong He Libert did not enter into any substantial investments, acquisition or disposal.

Contingent Liabilities and charged assets

As at 30 April 2011, Zhong He Libert did not have contingent liabilities and did not have any charged assets.

Trade and other receivables and prepayments

As at 30 April 2011, Zhong He Libert had trade receivables of RMB18,457,000. Different credit ratings were given to different customers. Zhong He Libert allows a range of credit periods not exceeding 60 days to its trade customers. Zhong He Libert had prepayments and other receivables amounted to RMB5,222,000.

Inventories

As at 30 April 2011, Zhong He Libert had inventories amounted to RMB47,927,000.

Exchange rate risks

Zhong He Libert's operations main operations were conducted in PRC and most of the transactions were denominated in RMB. Zhong He Libert also conducted some of its operations overseas and thus its assets and liabilities are mainly exposed to the effects of fluctuation of Euro and USD for such overseas market. Zhong He Libert did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review.

Employees and emolument policies

As at 30 April 2011, Zhong He Libert had a total of 615 employees. Remuneration packages include basic salaries, bonuses (discretionary) and benefits-in-kind. In accordance with the applicable PRC laws and regulations, Zhong He Libert participates in employee social security system. Related expenses are accounted as the cost of relevant assets or charged to current profit and loss when incurred. Remuneration payables are recognized as liabilities in the accounting period during which the services are rendered by the employees unless otherwise compensation relating to termination of employment is given to employees.

During the period under review, no emoluments were paid by Zhong he Libert to the directors, highest paid employees as an inducement to join, or upon joining, or as compensation for loss of office. None of the directors has waived emoluments during the period under review.

Dividend

The director of Zhong He Libert did not recommend the payment of any dividend.

(ii) For the period ended 31 December 2010

Business Review

Zhong He Libert is principally engaged in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas. For the period under review, the turnover for the sales of goods from major products and services was RMB111,319,000 (2009: RMB90,116,000), representing an increase of approximately 23.53% compared to the same period in 2010. The increase of RMB21,203,000 was due to an increase in number of PRC customers, thus the strong growth in sales in the PRC market which recorded a turnover of RMB94,926,000 (2009: RMB68,488,000), representing approximately 38.60% increase on a year-on-year basis. Since the PRC market had demonstrated continuing growth, it is expected that the turnover of Zhong He Libert will continue to grow due to the growing demand in the PRC market since there are more construction and infrastructure projects in PRC. The sales to overseas market, mainly North America, generated the turnover of RMB16,616,000 (2009: RMB21,628,000) which accounted for approximately 14.90% of the total turnover for the period under review. The decrease in the sales of North American market was due to less order placed by customers and therefore the demand for the products and services decreased.

The profit for the period was RMB17,810,000 (2009: RMB23,127,000), representing a decrease of approximately 22.99% compared to the same period in 2010. Such decrease was due to the increase in wages by approximately 14% and increase of material cost by 20% to 30%. Such decrease in profit was due to an increase in the cost of sales from RMB62,203,000 in 2009 to RMB83,537,000 in 2010, representing an increase of approximately 34.30%. Such increase in cost of sales was due to the increase in wages by approximately 14% and increase of material cost by 20% to 30%).

Financial Review

Capital Structure

As at 31 December 2010, Zhong He Libert is owned as to 25% by East King, 10% by China Nuclear, 60% by Shanghai Libaite Investment Co. Ltd. and 5% by Shenzhen Hua Rui Investment Co., Ltd.

As at 1 January 2010, Zhong He Libert had registered capital of RMB86,775,000 and there was no increase of registered capital during the period. Thus, at 31 December 2010, the registered capital and paid-in capital was still RMB86,775,000.

As at 31 December 2010, Zhong He Libert recorded a total amount of liabilities of RMB49,618,000 (2009: RMB119,056,000), being the total of trade and other payables amounted to RMB19,341,000, trade deposit received from customers in advance of RMB9,670,000, amount due to immediate holding company of RMB20,598,000 and income tax payable of RMB9,000. Such amount due to the immediate holding company was unsecured, interest-free and repayable on demand. There was no bank borrowing during the period under review.

The trade payables were interest free and were normally settled on or before delivery and may allow to be settled within 180 days. For the period under review, the maximum number of days that the trade payables were due to be settled was 90 days. The customers of Zhong He Libert would usually be able to settle such trade payables when they were due.

The amount due to immediate holding company of RMB20,598,000 (2009: RMB40,000,000) was unsecured, interest-free and repayable within one year but subject to Zhong He Libert having sufficient funds, the lender may request the loan to be repaid on demand.

Turnover

For the period under review, the total turnover was RMB111,542,000 (2009: RMB90,116,000), representing the turnover for the sales of goods from major products and services of RMB111,319,000 and sale of scrap materials of RMB223,000. The growth of approximately 23.78% on a year-on-year basis was due to the continuing growth in the demand of the products and services in the PRC.

Liquidity and financial resources

As at 31 December 2010, Zhong He Libert had cash and bank balances of RMB30,050,000 (2009: RMB44,202,000). The decrease was approximately 32.02% on year-on-year basis. Such decrease was due to repayment of bank borrowings and amount due to immediate holding company. Majority of cash at bank and in hand were denominated in RMB. It is the policy of Zhong He Libert to try to maintain the average current ratio at above 1.6 times.

An amount of RMB20,598,000 (2009: RMB40,000,000) was due to immediate holding company which was used as working capital for Zhong He Libert's daily operations.

Gearing ratio

As at 31 December 2010, Zhong He Libert had current assets in the amount of RMB98,403,000 (2009: RMB139,159,000) and total current liabilities of RMB49,618,000 (2009: RMB:119,056,000). Therefore, the current ratio of Zhong He Libert was 1.98 times (2009: 1.17 times). Zhong He Libert monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of

RMB20,598,000 (2009: RMB115,000,000) divided by its total equity of RMB280,116,000 (2009: RMB262,306,000). Therefore, the gearing ratio was 0.07 time (2009: 0.44 time) for the period under review. Zhong He Libert's policy is to keep the gearing ratio at a reasonable level.

Capital expenditures

Capital expenditure for the year amounted to RMB3,001,000 which was used to purchase additional plant and equipment.

Major investment and substantial acquisition and disposal

For the period under review, Zhong He Libert did not enter into any substantial investments, acquisition or disposal.

Contingent Liabilities and charged assets

As at 31 December 2010, Zhong He Libert did not have contingent liabilities and did not have any charged assets.

Trade and other receivables and prepayments

As at 31 December 2010, Zhong He Libert had trade receivables of RMB8,857,000 (2009: RMB13,306,000). There was a decrease of approximately 33.44% due to shorter credit terms for sales with lesser amounts near year ended 2010. Different credit ratings were given to different customers according to the sales amount. Zhong He Libert allows a range of credit periods not exceeding 60 days to its trade customers. Zhong He Libert had prepayments and other receivables amounted to RMB4,048,000 (2009: RMB16,157,000).

Inventories

As at 31 December 2010, Zhong He Libert had inventories amounted to 55,201,000 (2009: RMB60,466,000). There was a decrease of approximately 8.7% on a year-on-year basis.

Exchange rate risks

Zhong He Libert's operations main operations were conducted in PRC and most of the transactions were denominated in RMB. Zhong He Libert also conducted some of its operations overseas and thus its assets and liabilities are mainly exposed to the effects of fluctuation of Euro and USD for such overseas market. Zhong He Libert did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review.

Employees and emolument policies

As at 31 December 2010, Zhong He Libert had a total of 483 employees. Remuneration packages include basic salaries, bonuses (discretionary) and benefits-in-kind. In accordance with the applicable PRC laws and regulations, Zhong He

Libert participates in employee social security system. Related expenses are accounted as the cost of relevant assets or charged to current profit and loss when incurred. Remuneration payables are recognized as liabilities in the accounting period during which the services are rendered by the employees unless otherwise compensation relating to termination of employment is given to employees.

During the period under review, no emoluments were paid by Zhong he Libert to the directors, highest paid employees as an inducement to join, or upon joining, or as compensation for loss of office. None of the directors has waived emoluments during the period under review.

Dividend

The director of Zhong He Libert did not recommend the payment of any dividend.

(iii) For the period ended 31 December 2009

Business Review

Zhong He Libert is principally engaged in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas. For the period under review, the turnover for the sales of goods from major products and services was RMB90,116,000 (2008: RMB61,379,000), representing an increase of approximately 46.82% compared to the same period in 2008. The increase of RMB28,737,000 was due to the strong growth in sales in the PRC market as a result of an increase in the number of customers and the increase in production capacity due to the completion of construction of factory premises in the year which recorded a turnover of RMB68,488,000 (2008: RMB35,267,000), representing approximately 94.20% increase on a year-on-year basis. The sales to overseas market, mainly North America, generated the turnover of RMB21,628,000 (2008: RMB3,964,000), representing an increase of approximately 4.46 times on a year-on-year basis and accounted for approximately 24% of the total turnover for the period under review. Such increase in the sales of North American market was due to the rebound of the economy after the financial crisis in 2008, a major and reliable customer in North America had increased its number of orders during the year and therefore resulting in more demand for the products and services. There was no turnover recorded for the European market for the period under review (2008: RMB22,148,000). As Zhong He Libert would like to focus its business in the PRC market which generated a substantial portion of its overall turnover and profit, it had allocated more resources in the development of the PRC market. There was no turnover recorded for the European market because the demand from the major customer in Europe had set-up a subsidiary in PRC and the orders from such customer were placed through such PRC subsidiary and recorded as PRC sales. The profit for the period was RMB23,127,000 (2008: RMB17,598,000).

Financial Review

Capital Structure

As at 31 December 2009, Zhong He Libert is owned as to 30% by East King and 70% by Shanghai Libaite.

As at 1 January 2009, Zhong He Libert had registered and paid-in capital of RMB54,717,000 and there was an increase of registered and paid-in capital of RMB32,058,000 during the period. Thus, at 31 December 2009, the registered and paid-in capital were RMB86,775,000.

As at 31 December 2009, Zhong He Libert recorded a total amount of liabilities of RMB119,056,000 (2008: RMB35,246,000), being the total of trade and other payables amounted to RMB4,056,000, amount due to immediate holding company of RMB40,000,000 and bank borrowings of RMB75,000,000. Such amount due to the immediate holding company was unsecured, interest-free and repayable on demand.

The trade payables were interest free and were normally settled on or before delivery and may allow to be settled within 180 days. As at 31 December 2009, the maximum number of days that the trade payables in the amount of RMB2,631,000 were due to be settled was 365 days. The customers of Zhong He Libert would usually be able to settle such trade payables when they were due.

As at 31 December 2009, the amount due to immediate holding company of RMB40,000,000 (2008: Nil) was unsecured, interest-free and repayable within one year but subject to Zhong He Libert having sufficient funds, the lender may request the loan to be repaid on demand.

The amount bank borrowings of RMB75,000,000 (2008: RMB25,000,000) was secured by prepaid lease payments and property, plant and equipment amounting to approximately RMB55,920,000 and approximately RMB155,330,000. The range of effective interest rate on bank borrowings was 6.14% to 5.10% per annum and repayable within one year.

Turnover

For the period under review, the total turnover was RMB90,116,000 (2008: RMB61,379,000) deriving solely from the sales of goods from major products and services of RMB90,116,000. The growth of approximately 46.82% on a year-on-year basis was due to the continuing growth in the demand of the products and services in the PRC.

Liquidity and financial resources

As at 31 December 2009, Zhong He Libert had cash and bank balances of RMB44,202,000. Majority of cash at bank and in hand were denominated in RMB. It is the policy of Zhong He Libert to try to maintain the average current ratio at above 1.6 times.

The amount of bank borrowings was RMB75,000,000 for the period under review which was repaid within one year. The range of effective rate on bank borrowings for the period under review was 6.14% to 5.1% per annum and was secured by prepaid lease payments and property, plant and equipment amounting to approximately RMB55,920,000 and approximately RMB155,330,000.

Gearing ratio

As at 31 December 2009, Zhong He Libert had current assets in the amount of RMB139,159,000 (2008: RMB53,505,000) and total current liabilities of RMB119,056,000 (2008: RMB35,246,000). Therefore, the current ratio of Zhong He Libert was 1.17 times (2008: 1.52 times). Zhong He Libert monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of RMB115,000,000 (2008: RMB25,000,000) divided by its total equity of RMB262,306,000 (2008: RMB122,949,000). Therefore, the gearing ratio was 0.44 time (2008: 0.20 time) for the period under review. Zhong He Libert's policy is to keep the gearing ratio at a reasonable level.

Capital expenditures

Capital expenditure for the year amounted to RMB120,139,000 which was used mainly for the acquisition of factory premises and plant and equipment.

Major investment and substantial acquisition and disposal

For the period under review, Zhong He Libert did not enter into any substantial investments, acquisition or disposal.

Contingent Liabilities and charged assets

As at 31 December 2009, Zhong He Libert did not have contingent liabilities.

As at 31 December 2009, Zhong He Libert had bank borrowings which was secured by prepaid lease payments and property, plant and equipment, amounting to approximately RMB55,920,000 and approximately RMB155,330,000.

Trade and other receivables and prepayments

As at 31 December 2009, Zhong He Libert had trade receivables of RMB13,306,000 (2008: RMB7,915,000). The increase in trade receivables of approximately 68.11% was due to increase in turnover. Different credit ratings were given to different customers according to the sales amount. Zhong He Libert allows a range of credit periods not exceeding 60 days to its trade customers. Zhong He Libert had prepayments and other receivables amounted to RMB16,157,000 (2008: RMB3,403,000).

Inventories

As at 31 December 2009, Zhong He Libert had inventories amounted to RMB60,466,000 (2008: RMB22,894,000). The increase of approximately 164% was due to the increase in orders placed by customers in the year 2008 which were to be delivered in the year 2009, thus Zhong He Libert had to keep inventories at a higher level to meet the growing demand of customers.

Exchange rate risks

Zhong He Libert's operations main operations were conducted in PRC and most of the transactions were denominated in RMB. Zhong He Libert also conducted some of its operations overseas and thus its assets and liabilities are mainly exposed to the effects of fluctuation of Euro and USD for such overseas market. Zhong He Libert did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review.

Employees and emolument policies

As at 31 December 2009, Zhong He Libert had a total of 533 employees. Remuneration packages include basic salaries, bonuses (discretionary) and benefits-in-kind. In accordance with the applicable PRC laws and regulations, Zhong He Libert participates in employee social security system. Related expenses are accounted as the cost of relevant assets or charged to current profit and loss when incurred. Remuneration payables are recognized as liabilities in the accounting period during which the services are rendered by the employees unless otherwise compensation relating to termination of employment is given to employees.

During the period under review, no emoluments were paid by Zhong he Libert to the directors, highest paid employees as an inducement to join, or upon joining, or as compensation for loss of office. None of the directors has waived emoluments during the period under review.

Dividend

The director of Zhong He Libert did not recommend the payment of any dividend.

(iv) For the period ended 31 December 2008

Business Review

Zhong He Libert is principally engaged in the manufacture and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas. Zhong He Libert completed the building of its factory premises in 2007 and had further expanded its production plant and factory premises and had acquired more equipment, thus, the production capacity in the year 2008 had increased to cope with the increase in customers' demand. For the period under review, the turnover for the sales of goods from major products and services was RMB61,379,000. The sales within the PRC market accounted for RMB35,267,000, representing approximately 57.46% of the total turnover. The sales to overseas market, namely North America and Europe, generated the turnover of RMB3,964,000 and RMB22,148,000 respectively, representing approximately 6.46% and 36.08% of the total turnover respectively.

The profit for the period was RMB17,598,000.

Financial Review

Capital Structure

As at 31 December 2008, Zhong He Libert is owned as to 30% by East King and 70% by Shanghai Libaite.

During the period under review and as at 31 December 2008, Zhong He Libert had registered capital of RMB54,717,000. At 1 January 2008, the paid in capital was RMB42,255,000 and the additions of paid-in capital for the period was RMB12,462,000. Thus, as at 31 December 2008, the registered and paid-in capital were RMB54,717,000.

As at 31 December 2008, Zhong He Libert recorded a total amount of liabilities of RMB35,246,000, being the total of trade and other payables amounted to RMB10,246,000, and bank borrowings of RMB25,000,000.

The amount bank borrowings of RMB25,000,000 was secured by prepaid lease payments and property, plant and equipment amounting to approximately RMB29,363,000 and approximately HK$60,949,000. The range of effective interest rate on bank borrowings was 6.14% per annum and repayable within one year.

Turnover

For the period under review, the total turnover was RMB61,379,000 deriving solely from the sales of goods from major products and services.

Liquidity and financial resources

As at 31 December 2008, the amount of bank borrowings was RMB25,000,000 for the period under review. The range of effective rate on bank borrowings for the period under review was 6.14% per annum and was secured by prepaid lease payments and property, plant and equipment amounting to approximately RMB29,363,000 and approximately HK$60,949,000.

Gearing ratio

As at 31 December 2008, Zhong He Libert had current assets in the amount of RMB53,505,000 and total current liabilities of RMB35,246,000. Therefore, the current ratio of Zhong He Libert was 1.52 times. Zhong He Libert monitored its capital using a gearing ratio of its total debts divided by its total equity, ie. total debt of RMB25,000,000 divided by its total equity of RMB22,949,000. Therefore, the gearing ratio was 0.20 time for the period under review. Zhong He Libert's policy is to keep the gearing ratio at a reasonable level.

Capital expenditures

Capital expenditure for the year amounted to RMB6,296,000 which was used mainly for the acquisition of factory premises.

Major investment and substantial acquisition and disposal

For the period under review, Zhong He Libert did not enter into any substantial investments, acquisition or disposal.

Contingent Liabilities and charged assets

As at 31 December 2008, Zhong He Libert did not have contingent liabilities.

As at 31 December 2008, Zhong He Libert had bank borrowings which was secured by prepaid lease payments and property, plant and equipment, amounting to approximately RMB29,363,000 and approximately RMB60,949,000.

Trade and other receivables and prepayments

For the period under review, Zhong He Libert had trade receivables of RMB7,915,000. Different credit ratings were given to different customers according to sales amount. Zhong He Libert allows a range of credit periods not exceeding 60 days to its trade customers. Zhong He Libert had prepayments and other receivables amounted to RMB3,403,000.

Inventories

As at 31 December 2008, Zhong He Libert had inventories amounted to RMB22,894,000.

Exchange rate risks

Zhong He Libert's operations main operations were conducted in PRC and most of the transactions were denominated in RMB. Zhong He Libert also conducted some of its operations overseas and thus its assets and liabilities are mainly exposed to the effects of fluctuation of Euro and USD for such overseas market. Zhong He Libert did not use any derivative financial instruments to hedge for its foreign exchange risk exposure under the period of review.

Employees and emolument policies

As at 31 December 2008, Zhong He Libert had a total of 441 employees. Remuneration packages include basic salaries, bonuses (discretionary) and benefits-in-kind. In accordance with the applicable PRC laws and regulations, Zhong He Libert participates in employee social security system. Related expenses are accounted as the cost of relevant assets or charged to current profit and loss when incurred. Remuneration payables are recognized as liabilities in the accounting period during which the services are rendered by the employees unless otherwise compensation relating to termination of employment is given to employees.

During the period under review, no emoluments were paid by Zhong he Libert to the directors, highest paid employees as an inducement to join, or upon joining, or as compensation for loss of office. None of the directors has waived emoluments during the period under review.

Dividend

The director of Zhong He Libert did not recommend the payment of any dividend.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement herein or this circular misleading.

II. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:		*HK$*
5,000,000,000	Shares	500,000,000.00

Issued and fully paid:		*HK$*
567,321,620	Shares	56,732,162.00

III. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Long Position in the Shares:

Name	**Nature of interest**	**Number of Shares**	**Approximate percentage† of the issued share capital of the Company (%)**
Mr. Chan Shu Kit *(Note)*	Interest in controlled corporation	114,240,000	20.14

Note: Such Shares were held by Hoylake Holdings Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is owned by Mr. Chan Shu Kit.

† The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

(b) Interests of substantial shareholders of the Company

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

(a) Long Positions in the Shares:

Name	Nature of interest	Number of Shares	Approximate percentage† of the issued share capital of the Company (%)
Chan Shu Kit	Interest in controlled corporation	114,240,000	20.14
Hoylake Holdings Limited *(Note 1)*	Beneficial interest	114,240,000	20.14
Zhao Xu Guang *(Note 2)*	Interest of controlled corporations	77,000,000	13.57
Prosper Alliance Investments Limited *(Note 2)*	Directly beneficially owned	60,000,000	10.58
Cheung Mui *(Note 3)*	Interest of a controlled corporation	60,000,000	10.58
Grand Honest Limited *(Note 3)*	Directly beneficially owned	60,000,000	10.58
Lee Yu Leung	Directly beneficially owned	50,000,000	8.81
Ma Lan	Directly beneficially owned	31,910,000	5.62

Notes:

1 Hoylake Holdings Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is owned by Mr. Chan Shu Kit.

2. A controlled corporation of Zhao Xu Guang. Mr Zhao is also the sole member of Rui Tong Investments Limited which holds 17,000,000 Shares through unlisted cash settled derivatives in the Company.

3. A controlled corporation of Cheung Mui.

† The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.

(b) Long positions in underlying Shares of the Company:

Name	**Capacity and nature of interest**	**Number of underlying shares held**	**Approximate percentage† of the Company's issued share capital (%)**
中國核工業建設集團公司 (China Nuclear Construction Group Co.*) *(Notes 1 and 2)*	Interest of a controlled corporation	400,000,000	41.35
Zhong He Investment Company Limited *(Note 1)*	Interest of a controlled corporation	100,000,000	14.99
China He Investment (Hong Kong) Company Limited *(Note 1)*	Directly beneficially owned	100,000,000	14.99
中國核工業建設股份有限公司 *(Note 2)*	Interest of controlled corporation	300,000,000	34.59
China Nuclear *(Note 2)*	Interest of controlled corporation	300,000,000	34.59
China Nuclear Industry 23 Construction (Hong Kong) Company Limited *(Note 2)*	Directly beneficially owned	300,000,000	34.59
Jiang Hailing *(Note 3)*	Interest of a controlled corporation	100,000,000	14.99
Shining Rejoice Limited *(Note 3)*	Directly beneficially owned	100,000,000	14.99

Notes:

1. Such interests in 400,000,000 underlying Shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$200,000,000, which are unlisted and physically settled. 中國核工業建設集團公司 (China Nuclear Construction Group Co.*) ("CNCGC") holds 100% interests in 中核投資有限公司 (Zhong He Investment Company Limited*) ("Zhong He") which in turn holds 100% interests in China He Investment (Hong Kong) Company Limited (中核投資 (香港)有限公司) ("China He"). Thus, CNCGC and Zhong He are deemed to be interested in the 100,000,000 underlying Shares by virtue of their respective indirect or direct 100% interests in China He.

2. CNCGC holds approximately 79.2% in 中國核工業建設股份有限公司 which holds 80% in China Nuclear. China Nuclear holds 100% in China Nuclear Industry 23 Construction (Hong Kong) Company Limited, thus each of CNCGC, 中國核工業建設股份有限公司 and China Nuclear are deemed to be interested in the 300,000,000 underlying Shares by virtue of their respective indirect or direct interests in China Nuclear Industry 23 Construction (Hong Kong) Company Limited.

3. Such interests in 100,000,000 underlying Shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$120,000,000, which are unlisted and physically settled. Jiang Hailing is deemed to be interested in these underlying shares by virtue of her 100% interests in Shining Rejoice Limited.

† The percentage represents the number of underlying Shares interested divided by the number of the Company's issued shares as enlarged by the underlying Shares as at the Latest Practicable Date.

* For identification purposes only

Save as disclosed above, as at the Latest Practicable Date, no person, other than the directors of the Company, whose interests are set out in the section headed "Interests of Directors and chief executive of the Company" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

IV. DIRECTORS' SERVICE CONTRACTS

Mr. Chan Shu Kit and Mr. Chan Ho Man, being the executive Directors of the Company have entered into a service agreement with the Company on 1 April 2011 for a term of two years and are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Ms. Jian Qing, being the executive Director of the Company has entered into a service contract with the Company on 19 October 2009 for an initial term of three years and is subject to retirement and re-election at the next annual general meeting and thereafter retirement by rotation in accordance with the Bye-laws of the Company.

Mr. Chung Chi Shing has been appointed as an executive Director with effect from 1 December 2010 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at the next annual general meeting and thereafter retirement by rotation in accordance with the Bye-laws of the Company.

Each of the independent non-executive Directors of the Company (except for Mr. Chang and Dr. Dai Jinping) has entered into a service agreement with the Company with effect from 1 April 2011 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company and the appointment shall be extended for a further period of calendar years, until 31 March 2013.

The executive Directors, Mr. Han and Mr. Lei, and the independent non-executive Directors, Mr. Chang and Dr. Dai Jinping were appointed on 27 June 2011. The remuneration committee will convene a meeting to determine their remuneration to be recommended to the Board for approval. As such, as at the Latest Practicable Date, such newly appointed executive Directors and independent non-executive Directors have not yet signed any service agreement or appointment letter with the Company and will do so after determination by the remuneration committee and the Board.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

V. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Enlarged Group.

VI. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective associates were considered to have interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Enlarged Group or have or may have any other conflict of interest with the Enlarged Group pursuant to the Listing Rules.

VII. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group.

VIII. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and are, or may be, material:

(a) The Subscription Agreement entered into between the Company as issuer and Project Giant Investment Limited as subscriber on 15 September 2009 in relation to the subscription and issuance of zero coupon convertible bonds at principal amount of HK$80,000,000 due three years from the date of issue at an exercise price of HK$0.40 per conversion share;

(b) The Placing Agreement entered into between the Company and Fortune (HK) Securities Limited as Placing Agent on 15 September 2009 in relation to the placing of 72,000,000 unlisted warrants pursuant to the terms of the Placing Agreement;

(c) The Subscription Agreement entered into between the Company as issuer and China He Investment (Hong Kong) Company Limited as subscriber on 20 January 2010 in relation to the subscription and issuance of zero coupon convertible bonds at principal amount of HK$200,000,000 due three years from the date of issue at an exercise price of HK$0.50 per conversion share and a supplemental agreement to the said Subscription Agreement entered into by the parties thereto on 17 September 2010 to extend the long stop date;

(d) The Equity Transfer Agreement dated 20 January 2010 entered into between Bo Xin Asset Management Company Limited as vendor and the Company as purchaser in relation to the acquisition of 7.5% of the issued share capital of China Nuclear Concrete Company Limited at the consideration of RMB6,429,517.50, subject to the terms and conditions of the Equity Transfer Agreement (*Note:* The Equity Transfer Agreement was lapsed with effect from 15 January 2011);

(e) The Acquisition Agreement;

(f) First Supplemental Agreement;

(g) Second Supplemental Agreement;

(h) Equity Transfer Agreement;

(i) Termination agreement dated 13 May 2011 entered into between Well Link and East King for the termination of the Equity Transfer Agreement; and

(j) East King Agreement.

IX. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who had given their opinions or advices contained in this circular:

Name	Qualification
Ernst & Young	Certified public accountant
HLB Hodgson Impey Cheng	Certified public accountant
Asset Appraisal Limited	Qualified valuer

The above experts had given and had not withdrawn their respective written consents to the issue of this circular with the inclusion of their advices, reports and the references to their names in the form and context in which they appear.

As at the Latest Practicable Date, the above experts did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 March 2011, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

X. MISCELLANEOUS

(a) Mr. Tam Cheuk Ho is the company secretary of the Company. He is a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK).

(b) The Hong Kong branch share registrar of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The registered office of the Company is situated at Clarendon House, Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong of the Company is Room 1203, 12/F, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

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

(e) If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this circular and their English translation, the Chinese version shall prevail. Other than that, the English text of this circular shall prevail over the Chinese text in the case of inconsistency.

XI. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 1203, 12/F, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, during normal business hours on any business day (other than Saturdays) from the date of this circular to and including the date of the SGM:

(a) the Memorandum and the Bye-laws;

(b) the annual reports of the Company for the years ended 31 March 2010 and 2011;

(c) the accountants' report of Well Link, East King and Zhong He Libert the text of which is set out in Appendix IIA, IIB and IIC respectively to this circular;

(d) the report regarding the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the services contracts referred to in the paragraph headed "Directors' service contracts" in this appendix;

(f) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(g) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which have been issued since 31 March 2011, being the date of the latest published audited consolidated financial statements of the Company was made up; and

(h) the written consents referred to in the paragraph headed "Experts' qualifications and consents" in this appendix.

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 Monday, 29 August 2011 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTION

1. "**THAT**

(a) the acquisition agreement dated 23 December 2010 and entered into between the Company and Shining Rejoice Limited, 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, as amended and supplemented by the supplemental agreement dated 29 December 2010 and entered into between the Company and the Vendor, a copy of which has been produced to the SGM marked "B" and signed by the chairman of the SGM for the purpose of identification, and as amended and supplemented by the second supplemental agreement dated 13 May 2011 and entered into between the Company and the Vendor, a copy of which has been produced to the SGM marked "C" and signed by the chairman of the SGM for the purpose of identification, pursuant to which the Vendor agreed to sell, and the Company agreed to purchase, the entire issued share capital of Well Link Capital Limited at a consideration of HK$200,000,000, which shall be satisfied by the issue of the convertible bonds of the Company in the principal amount of HK$120,000,000 (the "**Convertible Bonds**") and the payment of HK$80,000,000 in cash, to the Vendor and all the transactions contemplated thereunder (all such agreements are together known as the "**Acquisition Agreement**"), 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 Acquisition Agreement and the terms and conditions of the Convertible Bonds attached to the Acquisition Agreement be and are hereby approved, ratified and confirmed;

* *For identification purposes only*

(c) the grant of a specific mandate to the Directors to issue and allot new ordinary shares in the share capital of the Company which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Bonds (the "**Convertible Shares**") be and are hereby approved, ratified and confirmed; and

(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 Acquisition Agreement, the issue of the Convertible Bonds, the grant of a specific mandate to the Directors to issue and allot the Conversion Shares and all the transactions contemplated thereunder into full effect."

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

Hong Kong, 12 August 2011

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 of the Company 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, Hong Kong Registrars Limited at 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.