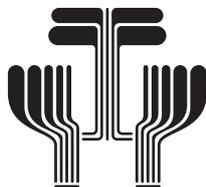


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Tack Hsin Holdings Limited.*



**TACK HSIN HOLDINGS LIMITED**

**(德興集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 611)**

**CHINA NUCLEAR INDUSTRY**

**23 CONSTRUCTION**

**(HONG KONG)**

**COMPANY LIMITED**

**中國核工業二三建設**

**(香港)有限公司**

*(Incorporated in Hong Kong with limited liability)*

**JOINT ANNOUNCEMENT**

**(1) PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS  
OF UNSECURED ZERO COUPON RATE CONVERTIBLE BONDS  
IN THE PRINCIPAL AMOUNT OF HK\$200 MILLION DUE 2014**

**(2) POSSIBLE CONDITIONAL MANDATORY CASH OFFERS  
BY FORTUNE (HK) SECURITIES LIMITED**

**ON BEHALF OF**

**CHINA NUCLEAR INDUSTRY 23 CONSTRUCTION (HONG KONG)  
COMPANY LIMITED**

**TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF  
TACK HSIN HOLDINGS LIMITED AND ALL CONVERTIBLE BONDS  
ISSUED BY TACK HSIN HOLDINGS LIMITED**

**(OTHER THAN THOSE SHARES AND CONVERTIBLE BONDS  
ALREADY OWNED BY**

**OR TO BE ACQUIRED BY**

**CHINA NUCLEAR INDUSTRY 23 CONSTRUCTION (HONG KONG) COMPANY  
LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL  
OUTSTANDING WARRANTS**

**OF TACK HSIN HOLDINGS LIMITED**

**(OTHER THAN THOSE ALREADY OWNED BY**

**OR TO BE ACQUIRED BY**

**CHINA NUCLEAR INDUSTRY 23 CONSTRUCTION (HONG KONG) COMPANY  
LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**AND**

**(3) RESUMPTION OF TRADING**

## **PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF UNSECURED ZERO COUPON RATE CONVERTIBLE BONDS IN THE PRINCIPAL AMOUNT OF HK\$200 MILLION DUE 2014**

On 9 September 2011, after close of the morning trading session, the Company received the Request from CNI 23 HK, holder of the CNI 23 HK Convertible Bonds, requesting to amend the terms and conditions of the Convertible Bonds to uplift the restriction restricting the Bondholders to exercise the conversion rights attaching to the Convertible Bonds where such exercise may trigger an obligation for a mandatory general offer under the Takeovers Code.

On 14 September 2011, the Company informed CNI 23 HK of its agreement to amend the terms and conditions of the Convertible Bonds subject to the fulfilment of the Conditions set out in the paragraph headed “Conditions to the Proposed Amendments” in this announcement. CNI 23 HK indicated its agreement to the Conditions on 16 September 2011.

The Proposed Amendments are subject to, among others, the approval by the Shareholders at the SGM. As at the date of this announcement, neither CNI 23 HK nor any of its associates is interested in any Shares. No Shareholder is required to abstain from voting at the SGM.

A circular of the Company containing further details of the Proposed Amendments and the notice convening the SGM will be despatched to the Shareholders as soon as possible.

### **POSSIBLE CONDITIONAL MANDATORY CASH OFFERS**

CNI 23 HK has stated in the Request that upon the Proposed Amendments becoming effective, it intends to exercise the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full. China He Investment HK, a party acting in concert with CNI 23 HK, which holds Convertible Bonds in the principal amount of HK\$50 million, has indicated to the Company its intention to exercise the Conversion Rights attaching to such Convertible Bonds held by it in full after the Proposed Amendments having become effective and at the same time when CNI 23 HK exercises the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full.

Upon exercise of the Conversion Rights attaching to the Convertible Bonds held by CNI 23 HK and China He Investment HK in full, CNI 23 HK and China He Investment HK will be interested in 300,000,000 and 100,000,000 Shares, respectively, representing approximately 31.01% and 10.34% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares pursuant to the exercise in full of the Conversion Rights attaching to the Convertible Bonds (assuming no exercise of the subscription rights attaching to the Warrants). Pursuant to Rule 26.1 of the Takeovers Code, CNI 23 HK will then be required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by CNI 23 HK and parties acting in concert with it at the time when the Share Offer is made). CNI 23 HK will also be required to make the Warrant Offer for the cancellation of all outstanding Warrants and the Acquisition Convertible Bond Offer for all the outstanding Acquisition Convertible Bonds pursuant to Rule 13.1 of the Takeovers Code.

If made, the Offers will be conditional upon CNI 23 HK having received (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 p.m. on the First Closing Date (or such other time as CNI 23 HK may, subject to the Takeovers Code, decide) valid acceptance in respect of the Shares, which together with the Conversion Shares, will result in CNI 23 HK together with parties acting in concert with it holding more than 50% of the Shares. If made, the Offers will be made solely in cash on the basis of HK\$0.50 for each Share; HK\$0.00001 for each Warrant and HK\$0.4167 for every HK\$1 face value of the Acquisition Convertible Bonds. The principal terms of the possible Offers are set out in the section headed “Possible Conditional Mandatory Cash Offers” in this announcement.

As at the date of this announcement, the Company has (i) 567,321,620 Shares in issue; (ii) outstanding Warrants to subscribe for 94,354,839 Shares; (iii) outstanding Convertible Bonds (including the CNI 23 HK Convertible Bonds) which may be converted into 400,000,000 Shares upon exercise of the Conversion Rights in full; and (iv) outstanding Acquisition Convertible Bonds which may be converted into 100,000,000 Shares upon exercise of the conversion rights in full. Save as disclosed above, there are no other outstanding warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

An Independent Board Committee will be established in respect of the Offers. An independent financial adviser will be appointed, subject to approval by the Independent Board Committee, to advise the Independent Board Committee in respect of the Offers in due course. A further announcement will be made by the Company upon the appointment of the independent financial adviser.

It is the intention of the respective boards of directors of the Company and CNI 23 HK to combine the offer document and the offeree board circular into a composite offer and response document. Pursuant to Rule 8.2 of the Takeovers Code, CNI 23 HK is required to despatch an offer document containing the terms of the Offers and a form of acceptance and transfer of the Shares, cancellation of the outstanding Warrants and transfer of the Acquisition Convertible Bonds to the Shareholders, the Warrantholders and the holder of the Acquisition Convertible Bonds respectively, within 21 days from the date of this announcement or such later date as the Executive may approve. As the exercise of the Conversion Rights is subject to the Conditions, the issue of the Conversion Shares pursuant to the exercise of the Conversion Rights cannot be completed within 21 days of this announcement, CNI 23 HK will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to any time within 7 days of the issue of the Conversion Shares pursuant to the exercise of the conversion rights attaching to the CNI 23 HK Convertible Bonds. An expected timetable in relation to the Offers will be included in the Composite Document.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange has been suspended with effect from 1:30 p.m. on Friday, 9 September 2011 and application has been made for resumption of trading of the Shares with effect from 9:00 a.m. on Friday, 28 October 2011.

## **WARNINGS: THE OFFERS ARE A POSSIBILITY ONLY**

**The Offers will only be made if the Conversion Shares are issued pursuant to the exercise of the conversion rights attaching to the CNI 23 HK Convertible Bonds in full. Exercise of the Conversion Rights attaching to the CNI 23 HK Convertible Bonds is conditional upon fulfilment of the Conditions set out in the paragraph headed “Conditions to the Proposed Amendments” in this announcement. Accordingly, the Offers may or may not be made. Shareholders and investors are advised to exercise caution when dealing in the Shares.**

# **1. PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF UNSECURED ZERO COUPON RATE CONVERTIBLE BONDS IN THE PRINCIPAL AMOUNT OF HK\$200 MILLION DUE 2014**

## **1.1 The Convertible Bonds**

References are made to the announcements made by the Company dated 20 January 2010, 17 September 2010 and 17 March 2011 and the circular of the Company dated 26 February 2010 regarding the subscription of the Convertible Bonds by China He Investment HK.

On 17 March 2011, the Company issued the Convertible Bonds in the principal amount of HK\$200 million to China He Investment HK pursuant to the subscription agreement dated 20 January 2010 as amended and supplemented by the supplemental agreement dated 17 September 2010. The Company was notified on 21 June 2011 that China He Investment HK transferred the Convertible Bonds in the principal amount of HK\$150 million to CNI 23 HK on 17 June 2011. According to the register of Bondholders maintained by the Company, the Convertible Bonds are held as to the principal amount of HK\$150 million by CNI 23 HK and as to the principal amount of HK\$50 million by China He Investment HK.

Both China He Investment HK and CNI 23 HK are indirect subsidiaries of CNEGC, a state-owned enterprise under the direct supervision and management of SASAC. Further information of CNI 23 HK and China He Investment HK are set out in the section headed “Information on CNI 23 and CNI 23 HK” in this announcement.

As at the date of this announcement, the outstanding principal amount of the Convertible Bonds is HK\$200 million convertible into 400,000,000 Conversion Shares at the conversion price of HK\$0.50 for each Conversion Share.

## **1.2 The Request**

On 9 September 2011, after close of the morning trading session, the Company received the Request from CNI 23 HK to amend the terms and conditions of the Convertible Bonds to uplift the restriction restricting the Bondholders to exercise the conversion rights attaching to the Convertible Bonds where such exercise may trigger an obligation for a mandatory general offer under the Takeovers Code.

On 14 September 2011, the Company informed CNI 23 HK of its agreement to amend the terms and conditions of the Convertible Bonds subject to the fulfilment of the Conditions set out in the paragraph headed “Conditions to the Proposed Amendments” in this announcement. CNI 23 HK indicated its agreement to the Conditions on 16 September 2011.

### 1.3 Conditions to the Proposed Amendments

The Proposed Amendments are conditional upon fulfilment of the following conditions precedent:

- (a) the approval of the Proposed Amendments by the Bondholders at a meeting of the Bondholders;
- (b) the approval of the Proposed Amendments under the Amendment Agreement and the adoption of the Amended and Restated Bond Instrument by the Shareholders at the SGM;
- (c) the prior approval of the Proposed Amendments by the Stock Exchange, if any;
- (d) the entering into of the Amendment Agreement containing the Amended and Restated Bond Instrument by the Company and the Bondholders; and
- (e) the execution of the Amended and Restated Bond Instrument by the Company.

The Bondholders unanimously approved the Proposed Amendments at a meeting of the Bondholders held on 3 October 2011. On 10 October 2011, the Amendment Agreement was entered into by the Company and the Bondholders. On 17 October 2011, the Stock Exchange confirmed its approval to the Proposed Amendments to the terms of the Convertible Bonds.

### 1.4 Information of the Group

The Group is principally engaged in property investment and development, hotel and restaurant operation. The following table is a summary of the Group's audited financials for the two years ended 31 March 2011:

	Year ended 31 March	
	2010	2011
	HK\$'000	HK\$'000
Turnover	287,826	295,835
Loss before taxation	(569,931)	(887,463)
Net loss for the period	<u>(573,390)</u>	<u>(889,084)</u>
Net liabilities	<u><u>(486,824)</u></u>	<u><u>(690,108)</u></u>

## 1.5 Reasons for the Proposed Amendments

As detailed in the announcements of the Company dated 23 December 2010, 29 December 2010 and 13 May 2011 and the circular of the Company dated 12 August 2011, the Company proposed to acquire the entire issued share capital of Well Link Capital Limited and East King International Enterprises Limited. East King International Enterprises Limited holds 25% of the equity interest of Zhong He Libert, a joint stock limited liability company established in the PRC and principally engages in the manufacture and sale of pipes and related equipment for uses by chemical plants in the PRC and overseas. The acquisition is a move by the Company to implement its corporate strategy to identify suitable 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, and also the first step of the Company to participate in the industry of manufacture and sale of pipes and related equipment for uses by chemical plants. Completion of the Libert Acquisition took place on 1 September 2011. CNI 23 also owns 10% of the equity interest of Zhong He Libert.

As stated in the Request, CNI 23 HK has been seeking investment opportunities in Hong Kong. In view of the price performance of the Shares since the Company entered into the subscription agreement for the Convertible Bonds and completion of the Libert Acquisition, CNI 23 HK considers the Convertible Bonds a sound investment and sees the growth potential of the Company. This encourages CNI 23 HK to play a more active role in the Company.

CNI 23 HK has stated in the Request upon the Proposed Amendments becoming effective, it intends to exercise the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full. The Directors consider that the Proposed Amendments will enable CNI 23 HK to hold a higher percentage interest in the shareholding of the Company which will foster a closer relationship with CNI 23 HK and provide the Group with more opportunities to participate in the business of prefabricated pipes and related equipment. This is because the shareholder of CNI 23 HK, CNI 23 which was established in 1958, is one of the largest nuclear industry installing corporations in the PRC. CNI 23 has been engaged in nuclear power projects and non-nuclear projects such as petrochemical and electrical installation projects in the PRC, utilising, among others, prefabricated pipes and related equipment.

In addition, CNI 23 has established strong relationship and extensive networks in many provinces in the PRC. Furthermore, nuclear power station construction sites and training centres of CNI 23 in various provinces in the PRC have a strong demand for catering and hotel services. As the Company is always looking for new opportunities to expand its existing catering and hotel businesses, the Directors consider that a closer relationship with CNI 23 and CNI 23 HK will provide the Group with a good opportunity to leverage on its relationship with CNI 23 in seeking entry into the catering and hotel industry in the PRC.

The Directors believe that the Group will be able to benefit from the closer relationship with CNI 23 through the shareholding of CNI 23 HK in the Company. As such, the Directors consider the Proposed Amendments to be in the interest of the Company and the Shareholders.

## 1.6 Shareholding structure of the Company

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon exercise of the Conversion Rights attaching to the Convertible Bonds held by CNI 23 HK and China He Investment HK in full (assuming no other changes to the issued share capital of the Company):

<i>Shareholder</i>	<b>As at the date of this announcement</b>		<b>Immediately upon exercise of the Conversion Rights attaching to the Convertible Bonds held by CNI 23 HK and China He Investment HK in full (assuming no other changes in the issued share capital of the Company)</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Hoylake Holdings Limited (Note)	114,240,000	20.14	114,240,000	11.81
CNI 23 HK	–	–	300,000,000	31.01
China He Investment HK	–	–	100,000,000	10.34
CNI 23 HK and China He Investment HK – Sub-Total:	–	–	400,000,000	41.35
Public	453,081,620	79.86	453,081,620	46.84
Total:	<u>567,321,620</u>	<u>100.00</u>	<u>967,321,620</u>	<u>100.00</u>

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

## 1.7 The SGM

The Proposed Amendments are subject to, among others, the approval by the Shareholders at the SGM. As at the date of this announcement, neither CNI 23 HK nor any of its associates is interested in any Shares. No Shareholder is required to abstain from voting at the SGM.

A circular of the Company containing further details of the Proposed Amendments and the notice convening the SGM will be despatched to the Shareholders as soon as possible.

## 2. POSSIBLE CONDITIONAL MANDATORY CASH OFFERS

As at the date of this announcement, none of CNI 23 HK and parties acting in concert with it owns any voting rights, rights over shares or rights over which it has control or direction over the Company, apart from the Conversion Shares to be issued upon exercise of the Conversion Rights attaching to the Convertible Bonds subject to fulfilment of the Conditions. As mentioned above, China He Investment HK, a party acting in concert with CNI 23 HK, which holds Convertible Bonds in the principal amount of HK\$50 million, has indicated to the Company its intention to exercise the Conversion Rights attaching to such Convertible Bonds held by it in full after the Proposed Amendments having become effective and at the same time when CNI 23 HK exercises the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full. Upon exercise of the Conversion Rights attaching to the Convertible Bonds held by CNI 23 HK and China He Investment HK in full, CNI 23 HK and China He Investment HK will be interested in 300,000,000 and 100,000,000 Shares, respectively, representing approximately 31.01% and 10.34% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares pursuant to the exercise in full of the Conversion Rights attaching to the Convertible Bonds (assuming no exercise of the subscription rights attaching to the Warrants). Pursuant to Rule 26.1 of the Takeovers Code, CNI 23 HK will then be required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by CNI 23 HK and parties acting in concert with it at the time when the Share Offer is made). CNI 23 HK will be required to make the Warrant Offer for the cancellation of all outstanding Warrants and the Acquisition Convertible Bond Offer for all the outstanding Acquisition Convertible Bonds pursuant to Rule 13.1 of the Takeovers Code.

Athens Capital Limited has been appointed as the financial adviser to CNI 23 HK in respect of matters relating to the Proposed Amendments and the Offers. Fortune Securities has been appointed to make the Offers for and on behalf of CNI 23 HK if the Offers are made. Fortune Securities will, for and on behalf of CNI 23 HK, make the Offers on the following terms in accordance with Rule 26.1 and Rule 13 of the Takeovers Code.

### WARNINGS: THE OFFERS ARE A POSSIBILITY ONLY

**The Offers will only be made if the Conversion Shares are issued pursuant to the exercise of the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full. Exercise of the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full is conditional upon fulfilment of the Conditions set out in the paragraph headed “Conditions to the Proposed Amendments” in this announcement. Accordingly, the Offers may or may not be made. Shareholders and investors are advised to exercise caution when dealing in the Shares.**

#### 2.1 Consideration for the Offers

If the Offers are made, they will be made on the following bases:

The Share Offer:

**For each Share . . . . . HK\$0.50 in cash**

The Warrant Offer:

**For each Warrant with an exercise price of  
HK\$0.62 for each Share . . . . . HK\$0.00001 in cash**

The Acquisition Convertible Bond Offer:

**For every HK\$1 face value of the  
Acquisition Convertible Bonds. . . . . HK\$0.4167 in cash**

## 2.2 Comparisons of value

Under the Share Offer, the Share Offer Price represents:

1. a discount of 78.45% to the closing price of HK\$2.32 per Share as quoted on the Stock Exchange on the Last Trading Day;
2. a discount of approximately 77.17% to the average closing price of HK\$2.19 per Share quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
3. a discount of approximately 77.95% to the average closing price of HK\$2.268 per Share quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day; and

The Warrant Offer Price is HK\$0.00001 per Warrant as the exercise price of HK\$0.62 for each Share under the Warrants exceeds the Share Offer Price.

The Acquisition Convertible Bond Offer Price is HK\$0.4167 for every HK\$1 face value of the Acquisition Convertible Bonds (with the conversion price of HK\$1.20 for each Share) which is equal to the Share Offer Price.

## 2.3 Highest and lowest prices

During the six-month period preceding the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$4.36 on 14 March 2011 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$2.03 on 6 September 2011.

## 2.4 Total consideration and confirmation of financial resources

As at the date of this announcement, the Company has (i) 567,321,620 Shares in issue; (ii) outstanding Warrants to subscribe for 94,354,839 Shares; (iii) the Convertible Bonds (including the CNI 23 HK Convertible Bonds) which may be converted into 400,000,000 Shares upon exercise of the Conversion Rights in full; and (iv) the Acquisition Convertible Bonds which may be converted into 100,000,000 Shares upon exercise of the conversion rights in full. Save as disclosed above, there are no other outstanding warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

As the conversion rights attaching to the Acquisition Convertible Bonds can only be exercised at any time during the period commencing from the first anniversary of the issue date of 1 September 2011, no conversion rights attaching to the Acquisition Convertible Bonds has been exercised. Based on the Share Offer Price of HK\$0.50 per Share and 567,321,620 Shares in issue (representing the Shares not already held or to be acquired by CNI 23 HK and parties acting in concert with it) at the date of this announcement, the maximum amount payable under the Share Offer (assuming no subscription rights attaching to the Warrants are exercised and the Share Offer is accepted in full) is approximately HK\$283,660,810.

As the Warrant Offer Price is HK\$0.00001 per Warrant to subscribe for each Share at the exercise price of HK\$0.62, the amount payable under the Warrant Offer is approximately HK\$944.

Based on the Acquisition Convertible Bond Offer Price of HK\$0.4167 for every HK\$1 face value of the Acquisition Convertible Bonds, the maximum amount payable under the Acquisition Convertible Bond Offer is HK\$50,004,000.

In the event that all the Warrants are exercised in full by the Warrantholders and the Share Offer is accepted in full (including the 94,354,839 Shares issued and allotted as a result of the exercise of the Warrants), the maximum amount payable by CNI 23 HK pursuant to the Share Offer will be increased to HK\$330,838,229.50. As the conversion rights attaching to the Acquisition Convertible Bonds can only be exercised at any time during the period commencing from 1 September 2012, the scenario based on the assumption of exercise in full of the conversion rights attaching to the Acquisition Convertible Bonds is not presented.

Based on the foregoing, (i) the maximum amount payable under the Share Offer, the Warrant Offer and the Acquisition Convertible Bond Offer (assuming no part of the Warrants is exercised before the Share Offer is made and full acceptances under the Offers) is approximately HK\$333,665,754; and (ii) the maximum amount payable under the Share Offer and the Acquisition Convertible Bond Offer (assuming the Share Offer is made after full exercise of the Warrants at the current subscription price and full acceptances under the Offers) is approximately HK\$380,842,229.50.

The Financial Adviser is satisfied that sufficient financial resources are available to CNI 23 HK to satisfy the full acceptance of the Share Offer and the Acquisition Convertible Bond Offer (assuming the Share Offer is made after full exercise of the Warrants at the current subscription price and full acceptances under the Share Offer) as described above.

## **2.5 The Offers will only be made after exercise of the CNI 23 HK Convertible Bonds in full**

The Offers will only be made if the Conversion Shares are issued pursuant to the exercise of the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full. Exercise of the Conversion Rights attaching to the CNI 23 HK Convertible Bonds in full is conditional upon fulfilment of the Conditions set out in the paragraph headed “1.3 Conditions to the Proposed Amendments” in this announcement. If the Conditions are not satisfied in accordance with the terms of the Proposed Amendments, the Offers will not be made.

## **2.6 Conditions of the Offers**

The Share Offer will be conditional upon CNI 23 HK having received (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 p.m. on the First Closing Date (or such other time as CNI 23 HK may, subject to the Takeovers Code, decide) valid acceptances in respect of the Shares which, together with the Conversion Shares, will result in CNI 23 HK together with parties acting in concert with it holding more than 50% of the Shares. If such condition is not satisfied on or before the First Closing Date, the Share Offer will lapse unless the offer period is extended by CNI 23 HK.

The Warrant Offer and the Acquisition Convertible Bond Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offers will initially be open for acceptance up to 4:00 p.m. on the First Closing Date. When the Share Offer becomes or is declared unconditional as to acceptances as mentioned above, the Offers will remain open for acceptance for not less than 14 days thereafter.

The latest time for declaring the Share Offer unconditional as to acceptances of the Offers is the 60th day from the date of despatch of the Composite Document. The exact date will be included in the Composite Document.

### **3. INFORMATION ON CNI 23 AND CNI 23 HK**

#### **3.1 Background of CNI 23 and CNI 23 HK**

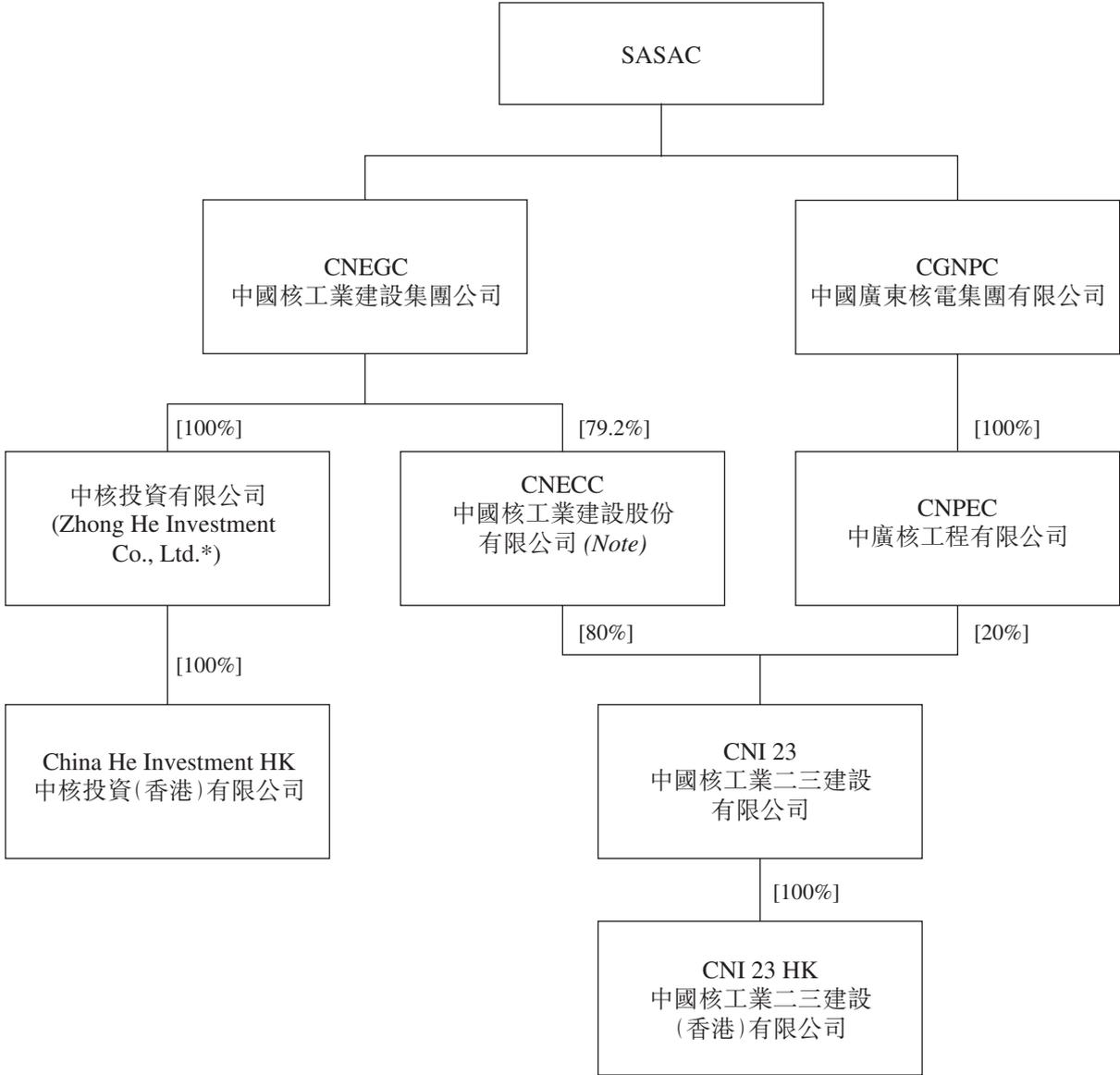
CNI 23 is a state-owned enterprise established in the PRC in 1958 and is one of the largest nuclear industry installation corporations in the PRC. CNI 23 is awarded by the PRC government as the main contractor for construction of nuclear plant with first class qualification. During more than fifty years of development, CNI 23 has been engaged in nuclear power projects, nuclear research projects and non-nuclear projects, such as petrochemical and electrical installation projects, in the PRC. It has been awarded national prizes including the Luban Prize. The directors of CNI 23 are Messrs. Dong Yuchuan, Wang Jiping, Han Naishan, Ms. Fan Qili, Li Jing, Dong Yushu and Wang Feng.

CNI 23 HK is a company incorporated in Hong Kong on 11 March 2011. On 17 June 2011, CNI 23 HK acquired the CNI 23 HK Convertible Bonds from China He Investment HK. The directors of CNI 23 HK are Messrs. Guo Shuwei and Wei Xitao.

CNI 23 HK is a wholly-owned subsidiary of CNI 23. CNI 23 is owned as to 80% by CNECC and 20% by CNPEC. CNECC is owned as to 79.2% by CNEGC. CNPEC is 100% owned by CGNPC. Both CNEGC and CGNPC are under the direct supervision and management of SASAC.

CNEGC is also the sole shareholder of 中核投資有限公司(Zhong He Investment Co., Ltd.\*), the sole shareholder of China He Investment HK. China He Investment HK holds Convertible Bonds in the principal amount of HK\$50 million and is a party acting in concert with CNI 23 HK.

Set out below is the structure chart of the CNI Enterprise Group Companies:



*Note:* The remaining shareholders of CNECC are 中國國新控股有限責任公司, 航天投資控股有限公司 and 中國信達資產管理股份有限公司 owning as to 1%, 4.95% and 14.85%, respectively. 中國國新控股有限責任公司 is under the direct supervision and management of SASAC. 航天投資控股有限公司 is owned as to 36.25% by 中國航天科技集團公司 which is under the direct supervision and management of SASAC. 中國信達資產管理股份有限公司 is owned by 中華人民共和國財政部.

**3.2 Intention of CNI 23 HK regarding the Group**

CNI 23 HK intends to continue the existing business of the Group. In addition to leveraging on the established position of its shareholder, CNI 23, in participating in the petrochemical and electrical installation projects in the PRC and overseas countries, CNI 23 HK also intends to expand the catering and hotel businesses of the Group.

## **4. GENERAL INFORMATION**

### **4.1 Independent Board Committee**

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

Mr. Chan Shu Kit, an executive Director and the Chairman of the Company, is the sole shareholder of Hoylake Holdings Limited, which holds 114,240,000 Shares, representing approximately 20.14% of the existing issued share capital of the Company. Mr. Chan Ho Man, an executive Director, is the son of Mr. Chan Shu Kit. Mr. Han Naishan, an executive Director, is the deputy director general of CNI 23. Mr. Lei Jian, an executive Director, is a director of China He Investment HK, the holder of the Convertible Bonds in the principal amount of HK\$50 million. Mr. Song Limin, an executive Director, is the secretary of the board of directors of CNI 23. Pursuant to the Takeovers Code, all of the executive Directors including the aforesaid Directors and Ms. Jian Qing and Mr. Chung Chi Shing will not be appointed as members of the Independent Board Committee.

Mr. Chan Ka Ling, Edmond, Mr. Chang Nan and Dr. Dai Jinping, all of whom are independent non-executive Directors, are appointed as the members of the Independent Board Committee in respect of the Offers.

An independent financial adviser will be appointed, subject to approval by the Independent Board Committee, to advise the Independent Board Committee in respect of the Offers in due course. A further announcement will be made by the Company upon the appointment of the independent financial adviser.

### **4.2 Public float of the Company**

If at the close of the Offers, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares, or
- there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In this connection, it should be noted that, upon completion of the Offers, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

### **4.3 Further terms of the Offers**

#### *The Shares*

Under the Share Offer, the Shares will be acquired (i) with all rights attaching thereto as at the date of this announcement or which subsequently become attaching thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of this announcement; and (ii) free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

### *The Warrants*

Under the Warrant Offer, the Warrants of the accepting Warrantholders, together with all rights attaching thereto, will be cancelled.

### *The Acquisition Convertible Bonds*

Under the Acquisition Convertible Bond Offer, the outstanding principal amount of the Acquisition Convertible Bonds of the accepting holder, together with all rights attaching thereto, will be transferred to CNI 23 HK.

### *Hong Kong stamp duty*

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer or the Acquisition Convertible Bond Offer will be payable by each Shareholder or holder of the Acquisition Convertible Bonds (as the case may be) at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by CNI 23 HK for such person's Shares or the Acquisition Convertible Bonds and will be deducted from the cash amount due to such accepting Shareholder or holder of the Acquisition Convertible Bonds (as the case may be). CNI 23 HK will pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of the Shares or the Acquisition Convertible Bonds in respect of which valid acceptances are received under the Share Offer or the Acquisition Convertible Bond Offer (as the case may be).

No stamp duty is payable in connection with the Warrant Offer.

## **4.4 Availability of the Offers**

CNI 23 HK intends to make available the Offers to all Shareholders (other than CNI 23 HK and parties acting in concert with it), the Warrantholders and the holder of the Acquisition Convertible Bonds, including those who are resident outside Hong Kong, to the extent practicable. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

CNI 23 HK reserves the right to make special arrangements regarding the terms of the Offers in relation to Shareholders, Warrantholders or the holder of the Acquisition Convertible Bonds whose receipt of the Offers or of the Composite Document is subject to the laws of an overseas jurisdiction. CNI 23 HK also reserves the right to notify any matter, including the making of the Offers, to Shareholders, Warrantholders or holder of the Acquisition Convertible Bonds having a registered address outside of Hong Kong by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction in which such persons are resident. The notice so given will be deemed to have been sufficiently given, despite any failure by such Shareholders, Warrantholders or holder of the Acquisition Convertible Bonds to receive or see that notice.

In the event that the receipt of the Composite Document by overseas Shareholders, Warrantholders or holder of the Acquisition Convertible Bonds is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the directors of CNI 23 HK regard as unduly onerous or burdensome or otherwise not in the best interests of CNI 23 HK or the shareholder of CNI 23 HK, the Composite Document will not (subject to the Executive's consent) be despatched to such overseas Shareholders, Warrantholders or holder of the Acquisition Convertible Bonds. The Company will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any arrangements for overseas Shareholders, Warrantholders or holder of the Acquisition Convertible Bonds to collect the Composite Document will be set out in a further announcement (where necessary).

## **4.5 Composite Document**

Pursuant to Rule 8.2 of the Takeovers Code, CNI 23 HK is required to despatch an offer document containing the terms of the Offers and a form of acceptance and transfer of the Shares, cancellation of the outstanding Warrants and transfer of the Acquisition Convertible Bonds to the Shareholders, the Warrantholders and the holder of the Acquisition Convertible Bonds respectively, within 21 days of the date of this announcement or such later date as the Executive may approve. As the Conditions cannot be satisfied or waived (where applicable) within 21 days of the date of this announcement, CNI 23 HK will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to any time within 7 days of the issue of the Conversion Shares pursuant to the exercise of the conversion rights attaching to the CNI 23 HK Convertible Bonds. Expected timetable for the Offers will only be available after fulfilment or waiver of the Conditions.

The Composite Document will contain, amongst other things, the detailed terms of the Offers, a letter from the Financial Adviser, a letter from the Independent Board Committee in relation to the Offers and a letter from an independent financial adviser to the Independent Board Committee in respect of the Offers. An expected timetable in relation to the Offers will be included in the Composite Document.

## **4.6 Further agreements or arrangements**

As at the date of this announcement:

- (a) neither CNI 23 HK nor any person acting in concert with it has received any irrevocable commitment to accept the Offers;
- (b) save for the Conversion Rights attaching to the CNI 23 HK Convertible Bonds (i) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares (or other relevant securities of the Company) or the shares of CNI 23 HK (or other relevant securities of CNI 23 HK) which might be material to the Offers; and (ii) there is no agreement or arrangement to which CNI 23 HK nor any person acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (c) neither CNI 23 HK nor any person acting in concert with it has borrowed or lent any Shares.

## **4.7 Interests in Shares and derivatives**

Save for the Conversion Rights attaching to the Convertible Bonds, neither CNI 23 HK nor any person acting in concert with it owns, or has control or direction over, any Shares, rights over the Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept any of the Offers) or derivatives in respect of the Shares.

## 4.8 Dealings in Securities

On 17 March 2011, China He Investment HK created (i) a charge over the Convertible Bonds in the principal amount of HK\$150 million in favour of Fortune Case Limited (“**Fortune Case**”) as security for a loan in the principal amount of HK\$150 million provided by Fortune Case to China He Investment HK and (ii) another charge over the remaining Convertible Bonds in the principal amount of HK\$50 million in favour of Vigo Hong Kong Investment Limited (“**Vigo**”) as security for a loan in the principal amount of HK\$52 million provided by Vigo to China He Investment HK. The use of such two loans was for the subscription by China He Investment HK of the Convertible Bonds. These two charges were subsequently released by Fortune Case and Vigo respectively on 17 June 2011 after repayment in full of such loans. CNI 23 HK acquired the CNI 23 HK Convertible Bonds from China He Investment HK on 17 June 2011 at a consideration of HK\$150 million, which is equal to the principal amount of the CNI 23 HK Convertible Bonds. Save as disclosed above, none of CNI 23 HK and parties acting in concert with it has dealt in the Shares, options, convertible note, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this announcement.

## 5 RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 1:30 p.m. on Friday, 9 September 2011 and application has been made for resumption of trading of the Shares with effect from 9:00 a.m. on Friday, 28 October 2011.

## 6 DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Acquisition Convertible Bonds”	zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK\$120 million with conversion price of HK\$1.20 per Share issued by the Company on 1 September 2011 to Shining Rejoice Limited (which is not a party acting in concert with CNI 23 HK), details of which are set out in the announcement of the Company dated 13 May 2011 and the circular of the Company dated 12 August 2011;
“Acquisition Convertible Bond Offer”	the conditional mandatory cash offer by Fortune Securities on behalf of CNI 23 HK to the holder of the Acquisition Convertible Bonds for transfer of the outstanding Acquisition Convertible Bonds at the Acquisition Convertible Bond Offer Price;
“Acquisition Convertible Bond Offer Price”	HK\$0.4167 for every HK\$1.00 face value of the Acquisition Convertible Bonds in cash;
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code;

“Amendment Agreement”	the amendment agreement entered into between the Company and the Bondholders on 10 October 2011 amending the terms and conditions of the Convertible Bonds in the terms of the Proposed Amendments;
“Amended and Restated Bond Instrument”	the amended and restated instrument to be entered into by the Company amending the bond instrument dated 17 March 2011 constituting the Convertible Bonds;
“associates”	has the meaning ascribed thereto in the Listing Rules or the Takeovers Code (as the case may be);
“Board”	board of Directors;
“Bondholder(s)”	holder(s) of the Convertible Bonds;
“CGNPC	中國廣東核電集團有限公司(transliterated as China Guangdong Nuclear Power Holding Co., Ltd.), a state-owned enterprise established in the PRC;
“China He Investment HK”	China He Investment (Hong Kong) Company Limited 中核投資(香港)有限公司, a company incorporated in Hong Kong with limited liability;
“CNECC”	中國核工業建設股份有限公司(transliterated as China Nuclear Engineering Corporation Co., Ltd.), a state-owned enterprise established in the PRC;
“CNEGC”	中國核工業建設集團公司(transliterated as China Nuclear Engineering Group Co.), a state-owned enterprise established in the PRC;
“CNI 23”	中國核工業二三建設有限公司(transliterated as China Nuclear Industry 23 Construction Company Limited), a state-owned enterprise incorporated in the PRC;
“CNI 23 HK”	China Nuclear Industry 23 Construction (Hong Kong) Company Limited 中國核工業二三建設(香港)有限公司, a company incorporated in Hong Kong with limited liability;
“CNI 23 HK Convertible Bonds”	Convertible Bonds in the principal amount of HK\$150 million held by CNI 23 HK;
“CNI Enterprise Group Companies”	the group of companies comprising CNI 23 HK, CNI 23, China He Investment HK, 中核投資有限公司(Zhong He Investment Co., Ltd.*), CNECC, CNEGC, CGNPC and CNPEC;
“CNPEC”	中廣核工程有限公司(transliterated as China Nuclear Power Engineering Co., Ltd.), a state-owned enterprise established in the PRC;

“Company”	Tack Hsin Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are traded on the Main Board of the Stock Exchange;
“Composite Document”	the composite offer and response document to be issued jointly by the Company and CNI 23 HK to all Shareholders, Warrant holders and the holder of the Acquisition Convertible Bonds in accordance with the Takeovers Code, containing, amongst other things, the detailed terms of the Offers;
“Conditions”	the conditions precedent to the Proposed Amendments as set out in the paragraph headed “Conditions to the Proposed Amendments” in this announcement;
“Conversion Rights”	the conversion rights attaching to the Convertible Bonds to subscribe for Conversion Shares at the initial conversion price of HK\$0.50 per Conversion Share;
“Conversion Shares”	Shares to be issued and allotted upon the exercise of the Conversion Rights;
“Convertible Bonds”	zero coupon rate convertible bonds in the principal amount of HK\$200 million due 2014 issued by the Company on 17 March 2011;
“Director(s)”	director(s) of the Company;
“Executive”	The Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director;
“Financial Adviser”	Athens Capital Limited, a licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activity;
“Fortune Securities”	Fortune (HK) Securities Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities) regulated activity;
“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offers (or any subsequent closing date as may be decided and announced by CNI 23 HK and approved by the Executive);
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Board to be formed and comprising Mr. Chan Ka Ling, Edmond, Mr. Chang Nan and Dr. Dai Jinping, all of whom are independent non-executive Directors, to make recommendations in respect of the Offers;

“Last Trading Date”	9 September 2011, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares pending release of this announcement;
“Libert Acquisition”	the acquisition of the entire issued share capital of Well Link Capital Limited and East King International Enterprises Limited by the Company on 1 September 2011 as detailed in the announcements of the Company dated 23 December 2010, 29 December 2010 and 13 May 2011 and the circular of the Company dated 12 August 2011;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Offers”	the Share Offer, the Warrant Offer and the Acquisition Convertible Bond Offer;
“PRC”	The People’s Republic of China, and for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Proposed Amendments”	the proposed amendments to the terms and conditions of the Convertible Bonds as set out in the paragraph headed “The Request” in this announcement;
“Request”	the request dated 9 September 2011 made by the Financial Adviser on behalf of CNI 23 HK to the Company;
“SASAC”	中國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission) of the State Council of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Proposed Amendments;
“Shares”	shares of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Share Offer”	the conditional mandatory cash offer by Fortune Securities on behalf of CNI 23 HK to acquire all of the Shares issued and to be issued (other than those Shares already owned by or agreed to be acquired by CNI 23 HK and parties acting in concert with it at the time when the Share Offer is made) at the Share Offer Price in accordance with the Takeovers Code;
“Share Offer Price”	HK\$0.50 for each Share in cash;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong;
“Warrants”	unlisted warrants to subscribe for 94,354,839 Shares at the exercise price of HK\$0.62 for each Share issued by the Company on 19 October 2009;
“Warrantholder(s)”	holder(s) of the Warrants;
“Warrant Offer”	the conditional mandatory cash offer by Fortune Securities on behalf of CNI 23 HK to the Warrantholders for cancellation of the outstanding Warrants at the Warrant Offer Price;
“Warrant Offer Price”	HK\$0.00001 for each Warrant with an exercise price of HK\$0.62 for each Share;
“Zhong He Libert”	江蘇中核利柏特股份有限公司(transliterated as Jiangsu China Nuclear Industry Libert INC.*);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board  
**Tack Hsin Holdings Limited**  
**Chan Shu Kit**  
*Chairman*

By Order of the board of directors  
**China Nuclear Industry 23 Construction**  
**(Hong Kong) Company Limited**  
**Wei Xitao**  
*Director*

Hong Kong, 28 October 2011

*As at the date of this announcement, the directors of the Company are: Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Han Naishan, Mr. Lei Jian and Mr. Song Limin, all of whom are executive directors; and Mr. Chan Ka Ling, Edmond, Mr. Chang Nan and Dr. Dai Jinping, all of whom are independent non-executive directors.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information (other than any information in relation to the CNI Enterprise Group Companies) contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions (other than those expressed by the directors of CNI 23 or CNI 23 HK) expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the directors of CNI 23 HK are Messrs. Guo Shuwei and Wei Xitao.*

*The directors of CNI 23 HK jointly and severally accept full responsibility for the accuracy of the information (other than any information in relation to the Group and the CNI Enterprise Group Companies (excluding CNI 23 HK)) contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions (other than those expressed by the Directors, the Company or the CNI Enterprise Group Companies (excluding CNI 23 HK)) expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the directors of CNI 23 are Messrs. Dong Yuchuan, Wang Jiping, Han Naishan, Ms. Fan Qili, Li Jing, Dong Yushu and Wang Feng.*

*The directors of CNI 23 jointly and severally accept full responsibility for the accuracy of the information (other than any information in relation to the Group) contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions (other than those expressed by the Directors or the Company) expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*In accordance with Rule 3.8 of the Takeovers Code, the respective associates (including any person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of the Company or CNI 23 HK are reminded to disclose their dealings in the Shares pursuant to the requirements of the Takeovers Code. Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:*

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”*

*\* For identification purpose only*