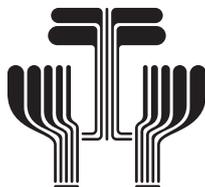


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TACK HSIN HOLDINGS LIMITED

(德興集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

MAJOR ACQUISITION INVOLVING ISSUE OF WARRANTS

On 23 December 2010 (after trading hours), the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Shares at the Consideration, being a sum of HK\$120,000,000 and the issue of the Warrants, subject to the terms and conditions of the Acquisition Agreement.

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. The Directors will seek a specific mandate from the Shareholders at the SGM to issue and allot the Subscription Shares.

A circular containing, among others, notice of the SGM, information in respect of the Acquisition and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable. It is intended that the circular will be despatched to Shareholders on or before 20 January 2011.

INTRODUCTION

On 23 December 2010 (after trading hours), the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Shares at the Consideration, being a sum of HK\$120,000,000 and the issue of the Warrants, subject to the terms and conditions of the Acquisition Agreement.

ACQUISITION AGREEMENT

Date

23 December 2010

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 are third parties independent of the Company and its connected persons.

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).

Consideration

The Consideration of the Acquisition, which shall be satisfied at Completion, includes the following:

- (1) a sum of HK\$120,000,000 to be paid by the Company to the Vendor; and
- (2) the issue of the Warrants by the Company to the Vendor.

The Consideration (including the Subscription Price) was determined after arm's length negotiations between the parties to the Acquisition Agreement after taking into account a number of factors including the uniqueness of business nature, the business prospects, financial position and performance of Zhangjiagang Libaite (or Zhong He Libaite upon completion of the Conversion), the prevailing market price of the Shares and net assets value per Share. 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.

Information on the Warrants

A total number of 100,000,000 Warrants is proposed to be issued as part of the Consideration. Upon full exercise of the subscription rights attaching to the Warrants, the Company will issue 100,000,000 Subscription Shares, representing (i) approximately 27.22% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 21.40% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares upon the full exercise of the subscription rights attaching to the Warrants.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) and is issued as part of the Consideration.

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

The Subscription 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 Subscription Shares and among themselves.

The Acquisition Agreement provides that the Warrants are to be issued to the Vendor upon completion in registered form and constituted by the Warrant Instrument, substantially in the form of the draft set out in a schedule to the Acquisition Agreement. The Warrants will rank pari passu in all respects among themselves. The principal terms of the Warrant Instrument and the Warrants are summarised below:

Principal terms of the Warrant Instrument and the Warrants

Subscription Price	:	HK\$1.20, being the initial subscription price per Subscription 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
Minimum subscription	:	Any subscription for the Subscription Shares must be in integral multiples of 5,000,000 Warrants
Exercise period	:	Three years from the issue date of the Warrants
Rights of holders	:	The holders of the Warrants will not have any right to attend or vote at any general meeting of the Company by virtue of being the holders of the Warrants
Transferability	:	The Warrants are freely transferable
Ranking	:	The Warrants will rank pari passu among themselves. The Subscription 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 Subscription Shares and among themselves
Listing	:	The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges

The Subscription 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

- (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.

Conditions precedent

Completion of the Acquisition Agreement 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 and Zhong He Libaite and satisfied with the results thereof;
- (b) the Shareholders having approved the Acquisition Agreement and the transactions hereunder (including the issue and allotment of the Subscription Shares upon exercise of the subscription rights attaching to the Warrants) 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 Subscription Shares on the Stock Exchange;
- (d) the Conversion having been duly completed;
- (e) relevant governmental authorities in the PRC having approved the Equity Transfer Agreement and the Equity Transfer Agreement having been duly completed in accordance with its terms (including payment of consideration by Well Link to East King); and
- (f) 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 Libaite has a registered capital of approximately RMB289,090,000; (d) the due and valid establishment and continued existence of Zhong He Libaite; (e) Zhong He 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 (f) the Equity Transfer Agreement has been duly completed in accordance with its terms and Well Link has become an equity owner of Zhong He Libaite with 15% 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.

Completion

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

SHAREHOLDING STRUCTURE

The following table shows the change in shareholding structure of the Company upon full exercise of each of the subscription rights attaching to the Warrants:

Shareholder	As at the date of this announcement		Assuming the subscription rights attaching to the Warrants are exercised in full while each of the conversion rights attaching to the 2011 CBs, the conversion rights attaching to the 2009 CBs and the subscription rights attaching to the 2009 Warrants are unexercised		Assuming each of the subscription rights attaching to the Warrants, the conversion rights attaching to the 2011 CBs, the conversion rights attaching to the 2009 CBs and the subscription rights attaching to the 2009 Warrants are exercised in full at the initial Subscription Price, initial conversion price, initial conversion price and initial subscription price, respectively	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Hoylake Holdings Limited (Note 1)	114,240,000	31.10	114,240,000	24.44	114,240,000	10.09
Vendor	–	–	100,000,000	21.40	100,000,000	8.83
Holder(s) of 2011 CBs (Note 2)	–	–	–	–	400,000,000	35.33
Holder(s) of 2009 CBs (Note 3)	–	–	–	–	200,000,000	17.66
Holders of 2009 Warrants (Note 4)	–	–	–	–	65,000,000	5.74
Public	253,081,620	68.90	253,081,620	54.16	253,081,620	22.35
Total:	<u>367,321,620</u>	<u>100.00</u>	<u>467,321,620</u>	<u>100.00</u>	<u>1,132,321,620</u>	<u>100.00</u>

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. No adjustment to the conversion price of the 2009 CBs, if any, has been taken into account.
4. As at the date of this announcement, 65,000,000 of such warrants remain outstanding and unexercised. No adjustment to the subscription price of the 2009 Warrants, if any, has been taken into account.

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 increase its market share. 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 an Independent Third Party.

INFORMATION OF WELL LINK

Well Link is an investment holding company. Save for the Equity Transfer Agreement, Well Link has not carried out any business activity. Pursuant to the Equity Transfer Agreement, East King has conditionally agreed to sell, and Well Link has conditionally agreed to purchase, 15% equity interest in Zhangjiagang Libaite, subject to the terms and conditions therein.

Set out below is certain financial information of Zhangjiagang Libaite as extracted from its audited financial statements for the two years ended 31 December 2009, which were prepared in accordance with PRC generally accepted accounting principles:

	For the year ended 31 December 2008 (RMB)	For the year ended 31 December 2009 (RMB)
Revenue	61,378,886	90,116,212
Net assets	129,757,555	310,174,522
Total assets	158,379,371	376,658,492
Net profit (before taxation and extraordinary items)	18,231,377	24,432,058
Net profit (after taxation and extraordinary items)	18,231,377	24,432,058

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. Zhangjiagang Libaite (or Zhong He Libaite after completion of the Conversion) is considered to be an appropriate investment opportunity for the Company as Zhangjiagang Libaite, which as 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 for the Company to participate in such industry in the PRC.

At present, the Directors intend that the Consideration will be paid out of the proceeds to be received by the Company from the issue of the 2011 CBs if the completion of the 2011 CBs takes place prior to the completion of the Acquisition. Otherwise, the Directors will, depending on prevailing market conditions, consider other methods of financings such as bank borrowings, issue of new equity, debt or convertible securities for such purposes.

The issue of the Warrants to the Vendor as part of the Consideration was considered by the Directors to be appropriate, fair and reasonable and in the best interests of the Company and the Shareholders as a whole as the Company recorded negative assets value per Share in accordance with the interim report of the Company for the six months ended 30 September 2010 and the Company may have the opportunity to increase its shareholder base when the Warrants, if issued, are exercised by the Vendor.

USE OF PROCEEDS FROM THE ISSUE OF SUBSCRIPTION SHARES

It is expected that the net proceeds of up to approximately HK\$119 million can be raised from the issue of the Subscription Shares and will be used by the Group to finance future investment opportunities and as general working capital. To the extent that no investment is identified by the Group, the amounts will be used as general working capital.

As at the date of this announcement, the Company has not yet identified any suitable investment opportunity.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the 2011 CBs which have yet to be issued by the Company, the Company has not carried out any fund raising activities by means of issue of equity securities in the past twelve months.

GENERAL

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. The Directors will seek a specific mandate from the Shareholders at the SGM to issue and allot the Subscription Shares.

A circular containing, among others, notice of the SGM, information in respect of the Acquisition and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable. It is intended that the circular will be despatched to Shareholders on or before 20 January 2011.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms used herein shall have the following meanings:

“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 65,000,000 warrants are still outstanding as at the date of this announcement
“2011 CBs”	the zero coupon rate unsecured redeemable convertible bonds in the principal amount of HK\$200,000,000, to be issued by the Company and as announced by the Company on 20 January 2010

“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
“associate(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Board”	board of Directors
“business day”	a day (other than Saturday) on which licensed banks in Hong Kong are open for business
“Company”	Tack Hsin Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Consideration”	consideration for the Acquisition, being a sum of HK\$120,000,000 to be paid by the Company to the Vendor and the issue of the Warrants by the Company to the Vendor, at Completion, pursuant to the terms of the Acquisition Agreement
“Conversion”	the purported conversion of Zhangjiagang Libaite from a limited liability company to Zhong He Libaite, a joint stock limited company
“Directors”	directors 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
“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 Libaite after completion of the Conversion), subject to the terms and conditions therein
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	22 June 2011, being six months from the date of the Acquisition Agreement (or such later date or time as the Company and the Vendor may agree in writing)
“PRC”	People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 of the Acquisition Agreement
“SGM”	a special general meeting of the Company to be held to approve, inter alia, the Acquisition Agreement and the transactions contemplated thereunder (including the issue and allotment of the Subscription Shares upon exercise of the subscription rights attaching to the Warrants)
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	initial subscription price of HK\$1.20 per Subscription Share but subject to standard adjustment clauses in the Warrant Instrument
“Subscription Shares”	the Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“United States”	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 an Independent Third Party

“Warrant Instrument”	the instrument to be entered into by the Company constituting the Warrants, substantially in the form of the draft set out in a schedule to the Acquisition Agreement
“Warrants”	a total number of 100,000,000 unlisted warrants to be issued by the Company pursuant to the Acquisition Agreement and subject to the terms and conditions to the Warrant Instrument
“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”	張家港保稅區利栢特鋼製品有限公司 (Zhangjiagang FTZ Libaite Steel Products Co., Ltd.), a limited liability established in the PRC
“Zhong He Libaite”	江蘇中核利栢特股份有限公司 (Jiangsu Zhong He Libaite Joint Stock Limited Company), a joint stock limited company to be incorporated in the PRC as a result of the Conversion
“%”	per cent.

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

Hong Kong, 23 December 2010

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Chan Shu Kit
Mr. Chan Ho Man
Ms. Jian Qing
Mr. Chung Chi Shing

Independent non-executive Directors:

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

* *For identification purpose only*