

SUNLINK INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

科浪國際控股有限公司

(於開曼群島註冊成立之有限公司)

12 May 2014

To the Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
ON BEHALF OF RICH PRO INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED BY
RICH PRO INVESTMENTS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)
OF SUNLINK INTERNATIONAL HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Joint Announcement.

The Company was informed by the Vendor (the controlling Shareholder immediately before the Sale and Purchase Completion) on 28 March 2014 (after trading hours) that the Vendor and the Offeror had entered into the Sale and Purchase Agreement, pursuant to which the Offeror had conditionally agreed to acquire and the Vendor had conditionally agreed to sell the Sale Shares, being 750,000,000 Shares, for a total consideration of HK\$418,800,000, equivalent to HK\$0.5584 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations. The Sale Shares represent approximately 69.83% of the entire issued share capital of the Company as at the Latest Practicable Date. The Sale and Purchase Completion took place on 1 April 2014.

Immediately following the Sale and Purchase Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 750,000,000 Shares, representing approximately 69.83% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising two independent non-executive Directors, namely Mr. Chiang Bun and Ms. Wong Wai Yin, Viola, who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Company and the Shareholders as a whole and its acceptance. As Mr. Sun Ka Ziang, Henry, an independent non-executive Director, is also an independent non-executive director of Get Nice Holdings Limited, a company listed on the Stock Exchange (Stock code: 64) and the holding company of both Get Nice Securities and Get Nice Capital, Mr. Sun Ka Ziang, Henry has voluntarily requested to be removed as a member of the Independent Board Committee. The non-executive Director, Mr. Suen, will not be a member of the Independent Board Committee as Mr. Suen is the sole beneficial owner of the Vendor.

Proton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Offer and as to acceptance, and such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee in respect of the terms of the Offer and as to acceptance.

THE OFFER

Principal terms of the Offer

As at the Latest Practicable Date, there were 1,074,073,845 Shares in issue. Get Nice Securities is, for and on behalf of the Offeror, making the Offer to all the Independent Shareholders to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it, in compliance with the Takeovers Code on the following basis:

For every Offer Share heldHK\$0.5584 in cash

The Offer Price of HK\$0.5584 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

Further details of the Offer, including terms and procedures for acceptance of the Offer are contained in the "LETTER FROM GET NICE SECURITIES" as set out on pages 6 to 15 and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the main board of the Stock Exchange. The principal activities of the Company is investment holding and the principal activities of its subsidiaries are sale of semiconductors and related products; and development and provision of electronic turnkey device solution products.

The following table is a summary of certain audited financial information of the Group for the two financial years ended 31 December 2012 and 31 December 2013, respectively.

	Year ended 31 December 2012 HK\$'000	Year ended 31 December 2013 HK\$'000
Turnover	334,135	231,191
Gross profit	24,250	8,356
Profit/(Loss) before taxation	263,708	(1,420)

Profit/(Loss) for the year	262,800	(1,414)
	As at	As at
	31 December 2012	31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated net asset value attributable to owners of the Company	154,937	156,188

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately before the Sale and Purchase Completion; and (ii) immediately after the Sale and Purchase Completion and as at the Latest Practicable Date:

	(i) Immediately before the Sale and Purchase Completion		(ii) Immediately after the Sale and Purchase Completion and as at the Latest Practicable Date	
	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>
The Vendor	750,000,000	69.83	–	–
The Offeror and parties acting in concert with it	–	–	750,000,000	69.83
Public Shareholders	<u>324,073,845</u>	<u>30.17</u>	<u>324,073,845</u>	<u>30.17</u>
Total	<u>1,074,073,845</u>	<u>100.00</u>	<u>1,074,073,845</u>	<u>100.00</u>

As at the Latest Practicable Date, the Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “INFORMATION ON THE OFFEROR” in the “LETTER FROM GET NICE SECURITIES” as set out on page 10 of this Composite Document.

INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the sections headed “INFORMATION ON THE OFFEROR” and “INTENTION OF THE OFFEROR REGARDING THE GROUP” in the “LETTER FROM GET NICE SECURITIES” as set out on pages 10 and 11 of this Composite Document. The Board is aware of the intention of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued 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
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares. The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (consisting of two independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Company and the Shareholders as a whole and its acceptance. As Mr. Sun Ka Ziang, Henry, an independent non-executive Director, is also an independent non-executive director of Get Nice Holdings Limited, a company listed on the Stock Exchange (Stock code: 64) and the holding company of both Get Nice Securities and Get Nice Capital, Mr. Sun Ka Ziang, Henry has voluntarily requested to be removed as a member of the Independent Board Committee. The non-executive Director, Mr. Suen, will not be a member of the Independent Board Committee as Mr. Suen is the sole beneficial owner of the Vendor.

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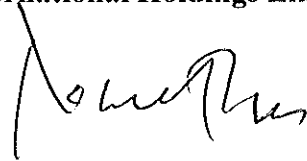
RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 22 to 23 of this Composite Document, which sets out its advice and recommendations to the Independent Shareholders in relation to the Offer; and (ii) the letter from the Independent Financial Adviser on pages 24 to 40 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its advice.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
By Order of the Board
Sunlink International Holdings Limited

A handwritten signature in black ink, appearing to read 'Sue Ka Lok', written over the company name.

Sue Ka Lok
Chairman