
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your shares in Shinhint Acoustic Link Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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SHINHINT ACOUSTIC LINK HOLDINGS LIMITED
成謙聲匯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

- (1) DISPOSAL OF THE ENTIRE ISSUED SHARES IN THE CAPITAL
OF TAI SING INDUSTRIAL COMPANY LIMITED
CONSTITUTING MAJOR TRANSACTION AND
CONNECTED TRANSACTION;**
- (2) SUPPLY AGREEMENT AND R&D SERVICE AGREEMENT
CONSTITUTING CONTINUING CONNECTED TRANSACTIONS;
AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 21 of this circular and a letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from MESSIS Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal Agreement, the Supply Agreement and R&D Service Agreement and the Proposed Annual Caps is set out on pages 24 to 48 of this circular.

A notice convening the EGM to be held at Chairman's Place, M/F, Hotel Nikko Hongkong, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong at 10:00 a.m. on Friday, 24 January 2014 is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjournment thereof (as the case may be) should you so wish.

8 January 2014

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DEFINITIONS

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

“Announcement”	means the announcement issued by the Company on 21 November 2013 in relation to, among others, the Disposal, the Supply Agreement, the R&D Service Agreement and the Proposed Annual Caps
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	means the board of directors of the Company
“Business Day”	means a day (excluding Saturdays and Sundays and public holidays and days on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks generally are open in Hong Kong for the transaction of normal banking business
“CMI”	means Crown Million Industries (International) Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Company”	means Shinhint Acoustic Link Holdings Limited (Stock Code: 2728), a company incorporated in the Cayman Islands whose Shares are listed on the Stock Exchange
“Completion”	means the completion of the Disposal pursuant to the Disposal Agreement
“Completion Date”	means the third Business Day after the day on which the last of the Conditions is fulfilled (or such other date as the Parties may agree in writing and in any event not later than three months after the day on which the last of the Conditions is fulfilled)
“Conditions”	means the conditions for Completion pursuant to the Disposal Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	means the consideration in the amount of HK\$122.2 million for the sale and purchase of the Sale Shares under the Disposal Agreement

DEFINITIONS

“Corporate Guarantees”	means (a) the corporate guarantee given by the Company to secure the indebtedness of TSI to the extent of HK\$15,000,000; and (b) the corporate guarantee given by TSI to secure the indebtedness of CMI to the extent of US\$4,000,000
“Directors”	means the directors of the Company
“Disposal”	means the sale of the Sale Shares by the Vendor to the Purchaser on the terms and subject to the conditions set out in the Disposal Agreement
“Disposal Agreement”	means the conditional sale and purchase agreement dated 18 November 2013 (as supplemented by the Letter Agreement) entered into between the Vendor and the Purchaser in relation to the Disposal
“Disposed Group”	means TSI and TSAT
“EGM”	means the extraordinary general meeting of the Company to be convened and held for the Shareholders on 24 January 2014 to consider and, if thought fit, approve the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	means an independent board committee of the Company comprising all the independent non-executive Directors established for the purpose of considering and advising the Independent Shareholders in connection with the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Third Party(ies)”	means third party(ies) who is independent of and not connected with the Company and its connected persons

DEFINITIONS

“Independent Shareholder(s)”	means Shareholder(s) other than Mr. Cheung, Pro Partner and their respective associates
“Latest Practicable Date”	means 3 January 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Letter Agreement”	means the letter agreement dated 31 December 2013 between the Vendor and the Purchaser, pursuant to which the Vendor and the Purchaser agreed to amend the Completion Date and the Long Stop Date in respect of the Disposal Agreement
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Long Stop Date”	means 28 February 2014, or such later date as the Parties may agree in writing
“Messis Capital”	means Messis Capital Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Mr. Cheung”	means Mr. Cheung Wah Keung, a substantial shareholder of the Company and an executive Director and the Chairman of the Company as at the Latest Practicable Date
“Parties”	means the Vendor and the Purchaser
“PRC”	means the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, Macau and Taiwan)
“Pro Partner”	means Pro Partner Developments Limited, a substantial shareholder of the Company as at the Latest Practicable Date and a company wholly and beneficially owned by Mr. Cheung

DEFINITIONS

“Proposed Annual Caps”	means the proposed annual caps for the transactions under the Supply Agreement and the R&D Service Agreement
“Purchaser”	means Metro Star Investments Limited, a company incorporated in the Republic of Seychelles and wholly and beneficially owned by Mr. Cheung
“Remaining Group”	means the Company and its subsidiaries excluding the Disposed Group
“RMB”	means Renminbi, the lawful currency of the PRC
“R&D Service”	provision of services by Shinhint Technology to TSAT in connection with the research and development of headphones and speaker products
“R&D Service Agreement”	means the service agreement to be entered into between Shinhint Technology and TSAT upon Completion pursuant to the Disposal Agreement for the provision of research and development services
“Sale Shares”	means 5,000,000 ordinary shares with a par value of HK\$1.00 each in the share capital of TSI, representing the entire issued share capital of TSI beneficially owned by the Vendor as at the date of the Disposal Agreement
“SFO”	means Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	means the shareholders of the Company
“Shares”	means ordinary shares with a par value of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	means the share option scheme approved and adopted by the Company on 25 June 2005
“Shinhint Technology”	means Shinhint Technology (Shenzhen) Limited (成謙科技(深圳)有限公司), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Supply Agreement”	means the supply agreement to be entered into between CMI as supplier and TSI as purchaser upon Completion pursuant to the Disposal Agreement for the supply of speaker units
“TSAT”	means Dongguan Tai Sing Audio Technology Limited (東莞泰升音響科技有限公司), a company incorporated in the PRC, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and a member of the Disposed Group after Completion
“TSI”	means Tai Sing Industrial Company Limited, a company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and a member of the Disposed Group after Completion
“USD” or “US\$”	means United States dollars, the lawful currency of the United States of America
“Valuer”	means Stern Appraisal Limited, an independent qualified professional valuer
“Vendor”	means Shinhint Industries Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
%	means per cent

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese version shall prevail.

LETTER FROM THE BOARD



SHINHINT ACOUSTIC LINK HOLDINGS LIMITED
成謙聲匯控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2728)

Executive Directors:

Mr. Cheung Wah Keung (*Chairman*)
Mr. Wong Sau Lik, Weeky Peter

Independent non-executive Directors:

Mr. Lai Ming, Joseph
Dr. Lam King Sun, Frankie
Mr. Goh Gen Cheung

Principal place of business in

Hong Kong:
Unit 1506, 15th Floor,
Nanyang Plaza
57 Hung To Road
Kwun Tong
Kowloon
Hong Kong

Registered office in

the Cayman Islands:
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

8 January 2014

To the Shareholders

Dear Sir or Madam,

- (1) DISPOSAL OF THE ENTIRE ISSUED SHARES IN THE CAPITAL
OF TAI SING INDUSTRIAL COMPANY LIMITED
CONSTITUTING MAJOR TRANSACTION AND
CONNECTED TRANSACTION;**
**(2) SUPPLY AGREEMENT AND R&D SERVICE AGREEMENT
CONSTITUTING CONTINUING CONNECTED TRANSACTIONS;
AND**
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in which, after the trading hours of the Stock Exchange on 18 November 2013, the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares at a consideration of HK\$122.2 million (subject to adjustment).

LETTER FROM THE BOARD

Reference is also made to the announcement of the Company dated 12 December 2013 in respect of the delay in despatch of the Circular and the announcement of the Company dated 2 January 2014 in respect of the delay in completion of the Dispose Agreement.

On 31 December 2013, the Vendor and the Purchaser entered into the Letter Agreement pursuant to which the Vendor and the Purchaser agreed to amend the Completion Date and the Long Stop Date in respect of the Disposal Agreement.

The purpose of this circular is to provide, among other things, (i) details of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement and the Proposed Annual Caps; (ii) the financial information of the Group; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iv) the advice of Messis Capital to the Independent Board Committee and the Independent Shareholders; (v) the valuation report regarding the Disposed Group; and (vi) a notice of the EGM.

THE DISPOSAL AGREEMENT

Date

18 November 2013

Parties

Vendor: Shinhint Industries Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

Purchaser: Metro Star Investments Limited, a company incorporated in the Republic of Seychelles and wholly and beneficially owned by Mr. Cheung

The Purchaser is a company engaged in investment holding and is wholly and beneficially owned by Mr. Cheung, who is a substantial shareholder, an executive Director and the Chairman of the Company, and is therefore a connected person of the Company. Mr. Cheung and Pro Partner, his associate, together are interested in 111,251,473 Shares (comprising 3,596,000 Shares personally held by Mr. Cheung and 107,655,473 Shares held by Pro Partner), representing approximately 34.60% of the issued share capital of the Company as at the Latest Practicable Date.

Assets to be disposed of

The Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares together with all rights attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date, and free from all encumbrances.

LETTER FROM THE BOARD

Consideration and payment terms

The initial consideration (the “Initial Consideration”) for the Sale Shares of HK\$122.2 million (subject to adjustment) was determined after arm’s length negotiations between the Parties with reference to the unaudited net asset value of the Disposed Group as at 31 October 2013 and taking into account the historical financial performance of the Disposed Group in recent years.

As soon as possible after signing of the Disposal Agreement, the Vendor has instructed the Valuer to conduct a valuation to ascertain the fair value of the Disposed Group as at 31 October 2013. Upon the determination of the fair value of the Disposed Group as shown in the valuation report (the “Valued Amount”) to be issued by the Valuer prior to Completion, if the Valued Amount and the Initial Consideration differ, the Consideration shall be equal to the Initial Consideration or the Valued Amount, whichever is higher.

As the Initial Consideration is higher than the Valued Amount (i.e. approximately HK\$105.6 million, details of the valuation are set out in Appendix II to this circular), the Consideration for the sale and purchase of the Sale Shares is HK\$122.2 million and no adjustment is necessary. Please refer to Appendix II to this circular for the full text of the valuation report prepared by the Valuer.

The Consideration will be settled by the Purchaser in cash within 30 calendar days after the Completion Date by delivering a cashier order drawn on a licensed bank in Hong Kong in favour of the Vendor (or as it may direct) or in such other manner as may be agreed between the Parties.

Financial assistance constituting continuing connected transaction

Based on the unaudited financial statement of the Disposed Group as at 31 October 2013, the net outstanding intra-group current account balances owed by the Disposed Group to the Remaining Group (the “Relevant Amount”) amounted to approximately HK\$35.3 million which is interest-free and unsecured. As at the Latest Practicable Date, the Relevant Amount amounted to approximately HK\$36 million. The Relevant Amount will, upon Completion, become a financial assistance given by the Remaining Group to the Disposed Group, which will constitute continuing connected transaction for the Company subject to the reporting, annual review and announcement requirements under Rule 14A.41 of the Listing Rules on the basis that each member of the Disposed Group will become an associate of Mr. Cheung upon Completion. As the applicable percentage ratios in respect of the financial assistance given by the Remaining Group to the Disposed Group are more than 5%, if the terms of the financial assistance are varied or renewed after Completion, such financial assistance shall further be subject to the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules after such variation or renewal. As at the Latest Practicable Date, there is no proposal between relevant members of the Disposed Group and the Remaining Group to vary or renew the terms of such financial assistance. In order for the Disposed Group to settle any amount due to the Remaining Group as soon as practicable

LETTER FROM THE BOARD

after Completion, the Purchaser has undertaken with the Vendor that it shall, within six months after the Completion Date, procure the Disposed Group to repay the Relevant Amount or such outstanding amount which remains outstanding as at the Completion Date to the Company (or any of its subsidiaries as the Company may direct) by remitting such amount to the bank account(s) as designated by the Company in writing or in such manner as agreed between the Parties. The Board is of the view that the financial assistance given by the Remaining Group to the Disposed Group as described above is fair and reasonable and in the interests of the Company and the Shareholders as a whole because: (i) the Consideration represents a premium of approximately 15.7% over the Valued Amount (i.e. approximately HK\$16.6 million); (ii) the potential interest earned from the Relevant Amount is approximately HK\$9,000 (based on the time deposit rate of 0.05% for a fixed deposit of over HK\$1,000,000 and for a six-month period according to the information from the website of the Hongkong and Shanghai Banking Corporation Limited); and (iii) the aforesaid premium amount is much larger than the potential interest earned from the Relevant Amount as stated in the above analysis.

Conditions precedent

Completion is conditional upon the fulfilment of the following Conditions:

- (1) The passing by the Shareholders (other than such Shareholders who are required to abstain from voting under the Listing Rules) of all necessary resolutions by way of poll at the EGM approving the Disposal Agreement and the transactions contemplated thereunder (including the transactions contemplated under the Supply Agreement and the R&D Service Agreement);
- (2) The Corporate Guarantees having been duly released; and
- (3) All other requisite consents, authorisations and approvals (or as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Disposal Agreement having been obtained by the respective Parties.

The above Conditions are not waivable by the Parties. In the event that the Conditions shall not have been fulfilled on or prior to the Long Stop Date, neither the Vendor nor the Purchaser shall be bound to proceed with the sale and purchase of the Sale Shares and the Disposal Agreement shall be terminated and no Party shall have any claim against each other save for any antecedent breach of the Disposal Agreement.

LETTER FROM THE BOARD

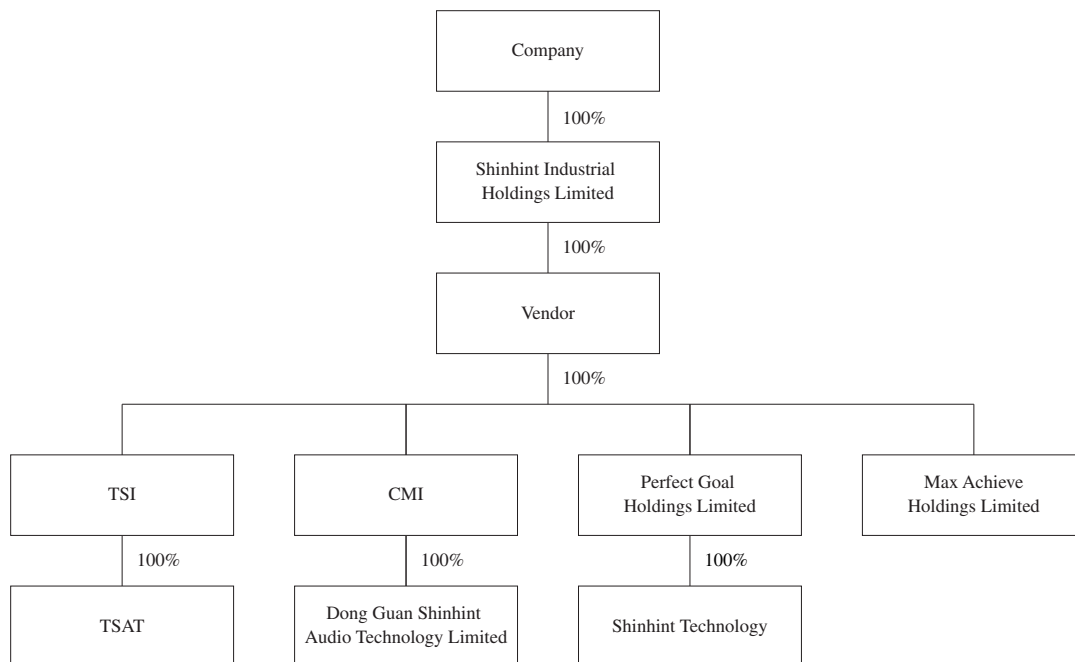
Completion

Completion shall take place on the Completion Date. Upon Completion, each of TSI and TSAT will cease to be a subsidiary of the Company and the Company will cease to hold any interest therein.

Upon Completion, the Disposed Group will be principally engaged in the trading and manufacturing of moulds, headphones and speakers and the Remaining Group will be principally engaged in the trading and manufacturing of speaker units, which is one of the components for the manufacture of the Disposed Group's finished goods, and provision of consultancy services in connection with research and development of headphones and speaker products. The Board is of the view that the respective businesses to be engaged by the Remaining Group and the Disposed Group immediately after Completion are clearly delineated and will not or are not likely to compete, either directly or indirectly, with each other. As at the Latest Practicable Date, the Company does not have any intention or plan to dispose of or downsize the business of the Remaining Group.

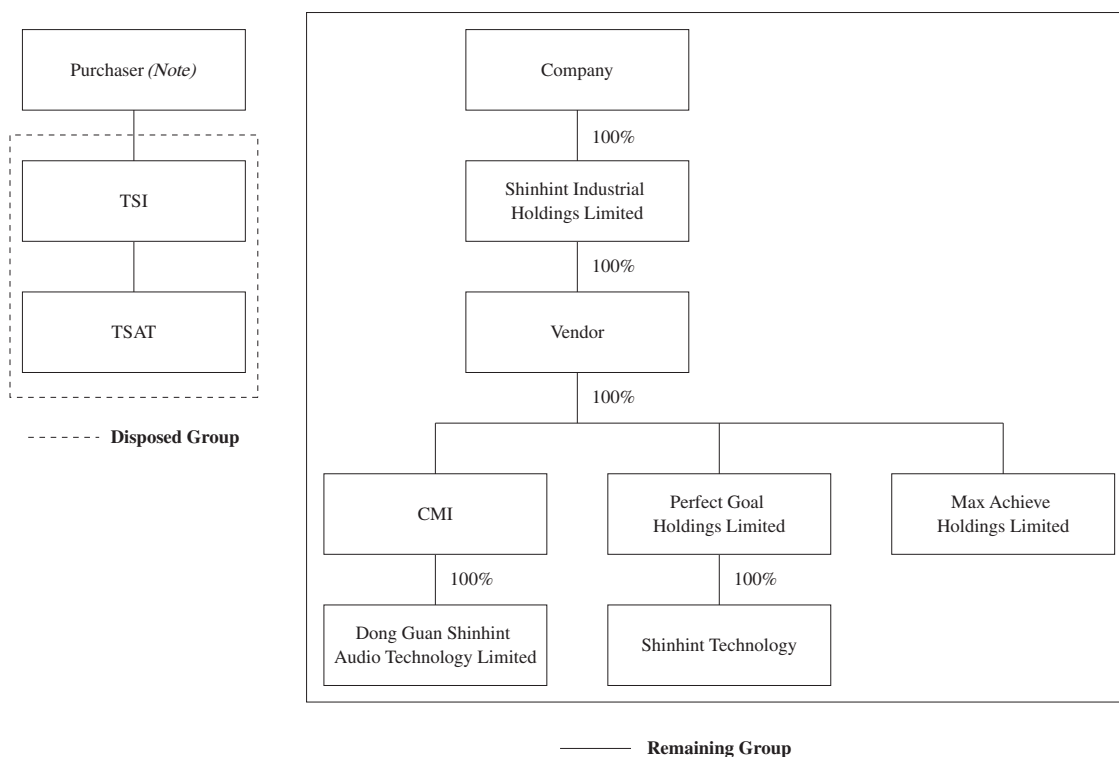
The diagrams below illustrate the corporate structure of the Disposed Group and Remaining Group prior to Completion and upon Completion.

(a) Immediately before Completion



LETTER FROM THE BOARD

(b) Immediately after Completion



Note: The Purchaser is a company engaged in investment holding and is wholly and beneficially owned by Mr. Cheung, who is a substantial shareholder, an executive Director and the Chairman of the Company, and is therefore a connected person of the Company. Mr. Cheung and Pro Partner, his associate, together are interested in 111,251,473 Shares (comprising 3,596,000 Shares personally held by Mr. Cheung and 107,655,473 Shares held by Pro Partner), representing approximately 34.60% of the issued share capital of the Company as at the Latest Practicable Date.

INFORMATION ON THE PURCHASER

The Purchaser, a company incorporated in the Republic of Seychelles, is wholly owned by Mr. Cheung and is an investment holding company.

LETTER FROM THE BOARD

INFORMATION ON THE DISPOSED GROUP

The Disposed Group is principally engaged in the trading and manufacturing of moulds, headphones and speakers.

The table below sets forth the unaudited financial information of the Disposed Group:

	For the year ended	
	31 December	
	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation	46,148	35,205
Net loss after taxation	43,421	35,954

The unaudited net asset value of the Disposed Group as at 31 October 2013 amounted to approximately HK\$122.2 million. According to the interim report of the Company for the six months ended 30 June 2013, the unaudited segment gain of the Disposed Group is approximately HK\$8.2 million.

FINANCIAL EFFECT OF THE DISPOSAL

Earnings

Based on the Consideration of the Disposal of HK\$122.2 million and the estimated professional fees and all related expenses for the Disposal of approximately HK\$1.4 million, and with reference to the unaudited financial results of the Disposed Group as at 31 October 2013, the expected book loss on the Disposal will be approximately HK\$1.4 million. The actual book gain or loss derived from the Disposal would vary and depend on (i) the profit or loss of the Disposed Group up to the Completion Date; (ii) the amount of professional fees and all related expenses for the consummation of the Disposal and the transactions contemplated thereunder; and (iii) final audit to be performed by the Company's auditors in annual audit.

LETTER FROM THE BOARD

Assets

As at 30 June 2013, the unaudited consolidated total assets of the Group amounted to approximately HK\$528.8 million of which approximately HK\$259.3 million was attributable to the Disposed Group. Taking into account the net proceeds from the Disposal, the unaudited consolidated total assets of the Remaining Group would be approximately HK\$269.5 million if Completion could have taken place on 30 June 2013.

Liabilities

As at 30 June 2013, the unaudited consolidated total liabilities of the Group amounted to approximately HK\$271.6 million of which approximately HK\$140.1 million was attributable to the Disposed Group. Based on the unaudited financial information of the Disposed Group, the unaudited consolidated total liabilities of the Group would be approximately HK\$131.5 million if Completion could have taken place on 30 June 2013.

Upon Completion, members of the Target Group will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the Group's financial statements.

USE OF PROCEEDS

The net proceeds from the Disposal estimated to be approximately HK\$120.8 million, which is arrived at after deducting the estimated expenses of approximately HK\$1.4 million relating to the Disposal (being the sum of professional fees), shall be used for general working capital of the Remaining Group which in turn will allow the Remaining Group to re-deploy more resources towards the remaining businesses of the Remaining Group and other business opportunities of the Remaining Group as may be identified by the Board from time to time that can broaden the profitability of the Remaining Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are (i) the trading and manufacturing of moulds, headphones and speakers; and (ii) the trading and manufacturing of speaker units which is one of the components for the manufacture of its finished products.

LETTER FROM THE BOARD

As stated above, the unaudited net loss after taxation of the Disposed Group amounted to approximately HK\$43.4 million and HK\$36.0 million for the two financial years ended 31 December 2011 and 2012 respectively. The Directors consider that the Disposal presents a good opportunity for the Group to dispose of the Disposed Group on the following grounds:

- (a) The operating results of the Disposed Group were unsatisfactory, incurring (i) a net loss before taxation of approximately HK\$46.1 million and a net loss after taxation of approximately HK\$43.4 million for the year ended 31 December 2011 and (ii) a net loss before taxation of approximately HK\$35.2 million and a net loss after taxation of approximately HK\$36.0 million for the year ended 31 December 2012;
- (b) The Disposal provides an opportunity to generate considerable cash inflow to the Remaining Group to increase its working capital and/or funding for exploring other potential business and investment opportunities; and
- (c) The Consideration is equal to the unaudited net asset value of the Disposed Group as at 31 October 2013 which is higher than the Valued Amount.

Although the Disposed Group recorded an unaudited segment gain of approximately HK\$8.2 million for the six months ended 30 June 2013, the Directors consider that its profitability is difficult to maintain since (i) the improvements of the Disposed Group's performance in the first half of 2013 were mainly attributable to the fact that more customers ordered products from the Disposed Group with higher profit margin which the continuity of such sales are uncertain because competition in the market is very high; (ii) even though the customers of the Disposed Group provide it with annual sales forecasts in the beginning of the year for reference, they are neither legally binding nor completely reliable and accordingly the customers are not obligated in any way to continue placing orders with the Disposed Group and the actual purchase orders made by customers may fluctuate from time to time; (iii) high levels of purchase orders and revenue in one period are not necessarily predictive or indicative of continued high levels of revenue in any future period; and (iv) there is no assurance that the Disposed Group would be able to obtain new orders from new customers or existing customers on a continuous basis. On the basis of the foregoing, the Directors are of the view that the financial performance of the Disposed Group may or may not be sustainable in the future.

Based on the above, the Directors consider that the terms of the Disposal Agreement are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

THE SUPPLY AGREEMENT

Upon Completion, CMI will, pursuant to the Disposal Agreement, enter into the Supply Agreement with TSI in relation to the supply of speaker units by CMI to TSI. The Supply Agreement will be, subject to Completion, entered into by CMI and TSI on the Completion Date.

Since TSI will become indirectly and wholly owned by Mr. Cheung upon Completion, the transactions contemplated under the Supply Agreement will constitute continuing connected transactions under the Listing Rules upon Completion. The principal terms of the Supply Agreement are set out below:

- | | | |
|-------------------------|---------------|--|
| Parties: | 1. Supplier: | CMI, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and a member of the Remaining Group after Completion; and |
| | 2. Purchaser: | TSI, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and a member of the Disposed Group after Completion |
| Term: | | The term of the Supply Agreement shall be for a period from 1 January 2014 to 31 December 2016 |
| Nature of transactions: | | Supply of speaker units by CMI to TSI |
| Pricing basis: | | The purchase price for speaker units to be charged by CMI shall be determined on normal commercial terms and shall not be less favourable than the prevailing prices that CMI charges its independent customers from time to time. TSI shall settle the purchase price within 90 days of the date of the relevant invoice issued by CMI to TSI (or its subsidiary) in respect of any transaction for the supply and purchase of the speaker units. |

LETTER FROM THE BOARD

Prior to Completion, the purchase price for speaker units charged by CMI to TSI (both are subsidiaries of the Company) is based on cost of production which is not considered to be on normal commercial terms. Upon Completion, as each of TSI and TSAT will cease to be a subsidiary of the Company and the Company will cease to hold any interest therein, CMI would charge TSI with reference to the cost of production of speaker units that TSI ordered on an arm's length basis plus a profit margin of certain percentage based on quantity ordered, technical difficulty and urgency. CMI also charges its independent customers by applying the above method. The payment terms of the relevant invoice issued by CMI to TSI is similar to that issued to other independent customers from time to time. The quotation of the sale orders is first prepared by the sales personnel and then reviewed by the department head of the sales department of CMI to ensure that the pricing and payments terms are determined with reference to the aforesaid pricing mechanism on an arm's length basis and are therefore on normal commercial terms. In addition, the transactions under the Supply Agreement are subject to annual review by the independent non-executive Directors and auditors of the Company to ensure that the pricing and payments terms are on normal commercial terms.

Annual caps: HK\$36 million for the year ending 31 December 2014

HK\$47 million for the year ending 31 December 2015

HK\$58 million for the year ending 31 December 2016

The Annual Caps for the Supply Agreement for the three years ending 31 December 2016 are determined with reference to the historical amount of supply of speaker units supplied by CMI to TSI for the period from 1 January 2013 to 31 October 2013 of approximately HK\$21 million, the production capacity of the Remaining Group for the production of speaker units, TSI's expected demand for speaker units projected by TSI for the three years ending 31 December 2016 and the prevailing prices of speaker units that CMI charges its independent customers.

LETTER FROM THE BOARD

Reasons for and benefits of the Supply Agreement

TSI is principally engaged in the trading and manufacturing of moulds, headphones and speakers and a wholly-owned subsidiary of CMI is principally engaged in the manufacturing of speaker units. TSI has been sourcing speaker units from CMI. It is expected that the Supply Agreement will continue to allow the Remaining Group to utilise its expertise and capacity in the manufacturing of speaker units and generate additional revenue for the Remaining Group in view of the Disposed Group's demand of speaker units for its manufacturing operation. The Directors consider that the terms of the Supply Agreement are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE R&D SERVICE AGREEMENT

Upon Completion, Shinhint Technology will, pursuant to the Disposal Agreement, enter into the R&D Service Agreement with TSAT for the provision of research and development services to TSAT. The R&D Service Agreement will be, subject to Completion, entered into by Shinhint Technology and TSAT on the Completion Date.

Since TSAT will become beneficially and indirectly wholly owned by Mr. Cheung upon Completion, the transactions contemplated under the R&D Service Agreement will constitute continuing connected transactions under the Listing Rules upon Completion. The principal terms of the R&D Service Agreement are set out below:–

- | | |
|-------------------------|--|
| Parties: | <ol style="list-style-type: none">1. Shinhint Technology, an indirect wholly-owned subsidiary of the Company and a member of the Remaining Group after Completion; and2. TSAT, a wholly-owned subsidiary of TSI and a member of the Disposed Group after Completion |
| Term: | The term of the R&D Service Agreement shall be for a period from 1 January 2014 to 31 December 2016 |
| Nature of transactions: | Provision of services by Shinhint Technology to TSAT in connection with the research and development of headphones and speaker products |

LETTER FROM THE BOARD

Pricing basis: The service fee for the provision of the R&D Service to be charged by Shinhint Technology shall be determined on normal commercial terms and shall not be less favourable than the service fee that Shinhint Technology charges an Independent Third Party from time to time. TSAT shall settle the service fee within 90 days of the date of the relevant invoice issued by Shinhint Technology to TSAT in respect of any provision of the R&D Service.

Annual caps: HK\$10 million for the year ending 31 December 2014

HK\$10 million for the year ending 31 December 2015

HK\$10 million for the year ending 31 December 2016

The Annual Caps for the R&D Service Agreement for the three years ending 31 December 2016 are determined with reference to the historical amount of R&D service fee paid to Shinhint Technology by TSAT for the period from 1 January 2013 to 31 October 2013 of approximately HK\$5 million, TSAT's expected demand for the R&D Service projected by TSAT, the costs expected to be incurred by Shinhint Technology in providing the R&D Service and the prevailing price that Shinhint Technology changes an independent third party.

Prior to Completion, the service fee for the provision of the R&D Service charged by Shinhint Technology to TSAT (both are subsidiaries of the Company) is based on the cost of manpower provided plus minimum margin which is not considered to be on normal commercial terms. Upon Completion, as each of TSI and TSAT will cease to be a subsidiary of the Company and the Company will cease to hold any interest therein, the service fee for the provision of the R&D Service to be charged by Shinhint Technology will be calculated based on the cost of manpower plus certain percentage of profit margin (within a range of 5% to 10% mark-up which in turn depends on the complexity of the R&D Service provided). The aforesaid basis of calculation also applies to other independent customers. The payment terms of the relevant invoice issued by Shinhint Technology to TSAT is similar to that issued to other independent customers from time to time. The quotation of the R&D Service is first prepared by the staff of Shinhint Technology and then reviewed by the management of Shinhint Technology to ensure that the pricing and payments terms are determined with reference to the aforesaid calculation on an arm's length basis and are therefore on normal commercial terms. In addition, the transactions under the R&D Service Agreement are subject to annual review by the independent non-executive Directors and auditors of the Company to ensure that the pricing and payments terms are on normal commercial terms.

LETTER FROM THE BOARD

Reasons for and benefits of the R&D Service Agreement

The Disposed Group will be principally engaged in the trading and manufacturing of moulds, headphones and speakers after Completion while Shinhint Technology is principally engaged in the research and development of headphones and speaker products. To enable the Disposed Group to have continual support in respect of research and development for its manufacturing operation, Shinhint Technology has agreed to provide the R&D Service to TSAT that will allow the Remaining Group to utilise its capability in the research and development of headphones and speaker products and generate additional revenue for the Remaining Group. The Directors consider that the terms of the R&D Service Agreement are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are higher than 25% but below 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Purchaser is an investment holding company and is wholly and beneficially owned by Mr. Cheung, who is a substantial shareholder, an executive Director and the Chairman of the Company, and is therefore a connected person of the Company. The Disposal therefore also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM by way of poll.

The entering into of the Supply Agreement will constitute continuing connected transactions for the Company upon Completion. As the applicable percentage ratio in respect of the transactions under the Supply Agreement is more than 5%, the transactions under the Supply Agreement will constitute continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The entering into of the R&D Service Agreement will constitute continuing connected transactions for the Company upon Completion. Although the applicable percentage ratio in respect of the transactions under the R&D Service Agreement is less than 5%, the Company considers that the transactions under the R&D Service Agreement will constitute non-exempt continuing connected transactions for the Company upon Completion subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules on the basis that (a) the transactions under the R&D Service Agreement form part of the transactions contemplated under the Disposal Agreement; and (b) the R&D Service Agreement would become continuing connected transactions because TSAT will become an associate of the Purchaser after the Disposal Agreement is completed.

As at the Latest Practicable Date, Mr. Cheung and Pro Partner (his associate) together are interested in 111,251,473 Shares (comprising 3,596,000 Shares personally held by Mr. Cheung and 107,655,473 Shares held by Pro Partner) representing approximately 34.60% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Cheung and his associate, Pro Partner, shall abstain from voting on the resolutions to be proposed at the EGM to approve the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. Other than Mr. Cheung, none of the Directors have a material interest in the Disposal and the transactions contemplated thereunder and are not required to abstain from voting on the board resolutions in respect thereof.

EGM

The notice convening the EGM to be held at Chairman's Place, M/F, Hotel Nikko Hongkong, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong at 10:00 a.m., on Friday, 24 January 2014 at which ordinary resolutions by poll will be proposed to approve the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder as set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Wednesday, 22 January 2014 to Friday, 24 January 2014 (both days inclusive), during which period no transfer of Shares in the Company will be effected. In order to qualify for attending the EGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 21 January 2014.

RECOMMENDATION

The Directors believe that the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement and the Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions approving the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 22 to 23 of this circular which contains its recommendation to the Independent Shareholders on the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

Your attention is also drawn to the letter of advice received from Messis Capital which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder, and the principal factors and reasons considered by it in concluding its advice. The letter from Messis Capital is set out on pages 24 to 48 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Shinhint Acoustic Link Holdings Limited
Cheung Wah Keung
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



SHINHINT ACOUSTIC LINK HOLDINGS LIMITED

成謙聲匯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

8 January 2014

To the Independent Shareholders

Dear Sir or Madam,

**(1) DISPOSAL OF THE ENTIRE ISSUED SHARES IN THE CAPITAL
OF TAI SING INDUSTRIAL COMPANY LIMITED
CONSTITUTING MAJOR TRANSACTION AND
CONNECTED TRANSACTION;
(2) SUPPLY AGREEMENT AND R&D SERVICE AGREEMENT
CONSTITUTING CONTINUING CONNECTED TRANSACTIONS;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company to the Shareholders dated 8 January 2014 (the “Circular”), of which this letter forms a part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As independent non-executive Directors who are independent of the parties to the Disposal Agreement, the Supply Agreement and the R&D Service Agreement, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are fair and reasonable so far as the Company and Shareholders as a whole are concerned.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Messis 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 Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 21 of the Circular, and the letter of advice from MESSIS Capital, as set out on pages 24 to 48 of the Circular, both of which provide details of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. Having considered the advice rendered by MESSIS Capital and the principal factors and reasons taken into consideration by it in arriving at its advice, we are of the opinion that the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM to approve the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

The Independent Board Committee of

Shinhint Acoustic Link Holdings Limited

Mr. Lai Ming, Joseph

Independent non-executive

Director

Dr. Lam King Sun, Frankie

Independent non-executive

Director

Mr. Goh Gen Cheung

Independent non-executive

Director

LETTER FROM MESSIS CAPITAL

The following is the full text of the letter from Messis Capital which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



大有融資有限公司
MESSIS CAPITAL LIMITED

8 January 2014

*To: The Independent Board Committee and the Independent Shareholders of
Shinhint Acoustic Link Holdings Limited*

Dear Sir/Madam,

**(1) DISPOSAL OF THE ENTIRE ISSUED SHARES IN THE CAPITAL
OF TAI SING INDUSTRIAL COMPANY LIMITED
CONSTITUTING MAJOR TRANSACTION AND
CONNECTED TRANSACTION; AND
(2) SUPPLY AGREEMENT AND R&D SERVICE AGREEMENT
CONSTITUTING CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Disposal Agreement, the Supply Agreement, the R&D Service Agreement and the Proposed Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 8 January 2014 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 18 November 2013, the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Disposed Group, for the Consideration of approximately HK\$122.2 million (subject to adjustment).

Pursuant to the Disposal Agreement, CMI will enter into the Supply Agreement on the Completion Date with TSI in relation to the supply of speaker units by CMI to TSI and Shinhint Technology will enter into the R&D Service Agreement on the Completion Date with TSAT for the provision of research and development services to TSAT.

LETTER FROM MESSIS CAPITAL

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceeds 25% but below 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules which is subject to the notification, announcement, circular to Shareholders and Shareholders' approval requirements. The entering into of the Supply Agreement will constitute continuing connected transactions for the Company upon Completion. As the applicable percentage ratio in respect of the transactions under the Supply Agreement is more than 5%, the transactions under the Supply Agreement will constitute continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The entering into of the R&D Service Agreement will constitute continuing connected transactions for the Company upon Completion. Although the applicable percentage ratio in respect of the transactions under the R&D Service Agreement is less than 5%, the Company considers that the transactions under the R&D Service Agreement will constitute non-exempt continuing connected transactions for the Company upon Completion subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules on the basis that (a) the transactions under the R&D Service Agreement form part of the transactions contemplated under the Disposal Agreement; and (b) the R&D Service Agreement would become continuing connected transactions because TSAT will become an associate of the Purchaser after the Disposal Agreement is completed.

The Purchaser is an investment holding company and is wholly and beneficially owned by Mr. Cheung, who is a substantial shareholder, and executive Director and the Chairman of the Company. Accordingly, the Purchaser is regarded as a connected person of the Company under the Listing Rules. Therefore, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by way of poll. Mr. Cheung and Pro Partner (his associate), who are together interested in 111,251,473 Shares (comprising 3,596,000 Shares personally held by Mr. Cheung and 107,655,473 Shares held by Pro Partner) representing approximately 34.60% of the issued share capital of the Company as at the Latest Practicable Date), shall abstain from voting on the resolutions to be proposed at the EGM to approve the Disposal Agreement, the Supply Agreement, the R&D Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. Save for Mr. Cheung, none of the Directors have a material interest in the Disposal and the transactions contemplated thereunder and hence are not required to abstain from voting on the board resolutions in respect thereof.

LETTER FROM MESSIS CAPITAL

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lai Ming, Joseph, Dr. Lam King Sun, Frankie and Mr. Goh Gen Cheung has been established to advise the Independent Shareholders as to whether the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are on normal commercial terms and the Disposal is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, Messis Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion in relation to the Disposal for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

BASIS OF OUR OPINION AND RECOMMENDATION

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the management of the Company are true and accurate at the time they were made and will continue to be accurate as at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The executive Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group, the Purchaser and their respective associates.

LETTER FROM MESSIS CAPITAL

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background and financial information of the Group

The principal activity of the Company is investment holding. Its subsidiaries and associates are principally engaged in (i) the trading and manufacturing of moulds, headphones and speakers; and (ii) the trading and manufacturing of speaker units, which is one of the components for the manufacturing of its finished products.

Set out below is a summary of the consolidated financial results of the Group for each of the two years ended 31 December 2011 and 31 December 2012 as extracted from the Company's annual report for the year ended 31 December 2012 ("**2012 Annual Report**") and for the year ended 31 December 2011 ("**2011 Annual Report**"):

	For the year ended	
	31 December	
	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Communication Peripheral	153,368	178,194
Portable audio	383,723	306,240
Desktop audio	95,889	136,902
Speaker drivers	443,864	398,451
Other	73,680	91,599
	<hr/>	<hr/>
Total	1,150,524	1,111,386
	<hr/> <hr/>	<hr/> <hr/>
Loss before taxation	(38,385)	(31,367)
Loss attributable to equity holders of the Company	(35,990)	(33,398)
	<hr/> <hr/>	<hr/> <hr/>

LETTER FROM MESSIS CAPITAL

As shown in the above table, the Group recorded total revenue of approximately HK\$1,111.4 million for the year ended 31 December 2012, representing a decrease of approximately 3.4% from approximately HK\$1,150.5 million in the previous financial year. Speaker drivers and Portable audio were the principal sources of revenue of the Group. The Group has reported a loss for the year of approximately HK\$33.4 million for the year ended 31 December 2012 which was mainly attributable to an impairment of trade debtors due to the adverse payment status of a customer.

2. Background of the Disposed Group

(i) Information on the Disposed Group

As stated in the Letter from the Board, TSI, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated in Hong Kong, while TSAT, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC. The Disposed Group is principally engaged in the trading and manufacturing of moulds, headphones and speakers.

(ii) Financial information of the Disposed Group

The table below sets out the unaudited financial information of the Disposed Group:

	For the year ended	
	31 December	
	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation	46,148	35,205
Net loss after taxation	<u>43,421</u>	<u>35,954</u>
		As at
		31 October
		2013
		<i>HK\$'000</i>
NAV		<u>122,186</u>

LETTER FROM MESSIS CAPITAL

The unaudited net loss after taxation of the Disposed Group amounted to approximately HK\$43.4 million and HK\$36.0 million for the two financial years ended 31 December 2011 and 2012 respectively. According to the interim report of the Company for the six months ended 30 June 2013, the unaudited segment gain of the Disposed Group is approximately HK\$8.2 million. The unaudited net asset value of the Disposed Group as at 31 October 2013 amounted to approximately HK\$122.2 million. As advised by the management of the Company, the improvements of the Disposed Group's performance in 2013 were mainly attributable to the fact that more customers ordered products with higher profit margin during the period.

3. Information on the Purchaser

The Purchaser, a company incorporated in the Republic of Seychelles, is wholly owned by Mr. Cheung and is an investment holding company.

4. The Disposal

On 18 November 2013, the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Disposed Group, for the Consideration of approximately HK\$122.2 million (subject to adjustment).

Reasons for and benefit of the Disposal

Based on the unaudited financial information of the Disposed Group, the operating results of the Disposed Group were unsatisfactory, recorded a net loss before taxation of approximately HK\$46.1 million and a net loss after taxation of approximately HK\$43.4 million for the year ended 31 December 2011 and a net loss before taxation of approximately HK\$35.2 million and a net loss after taxation of approximately HK\$35.9 million for the year ended 31 December 2012. Despite the loss made for each of the two years ended 31 December 2012, the Disposed Group recorded an unaudited segment gain of approximately HK\$8.2 million for the six months ended 30 June 2013. As advised by the management of the Company, the improvements of the Disposed Group's performance for the six months ended 30 June 2013 were mainly attributable to the fact that more customers ordered products from the Disposed Group with higher profit margin. Notwithstanding the improvement in the financial results of the Disposed Group in the first half of 2013, we are advised by

LETTER FROM MESSIS CAPITAL

the management of the Company that there are high uncertainties in the sustainability of the Disposed Group's profitability in the future. As advised by the management of the Company, the customers of the Company will provide the Company with annual sales forecasts to the Group in the beginning of the year for reference. However, the executive Directors have advised that (i) the annual sales forecast provided by the customers are not legally binding or completely reliable which the customers are not obligated in any way to continue placing orders with the Company and the actual purchase orders made by customers may fluctuate from time to time; (ii) satisfactory sales performance on products with higher gross profit margin in one period are not necessarily predictive or indicative of continued improvements in any future period; (iii) there is a concentration of customers in the Disposed Group in which the largest two customers accounted for over 60% of the revenue of the Disposed Group for the six months ended 30 June 2013 and there has been a decreasing trend of sales orders from one of these customers since 2012 and that such trend may continue; (iv) there can be no assurance that the Group would be able to obtain new orders from new customers or existing customers on a continuous basis to maintain the Group's profitability; and (v) the bargaining power of the price for products produced by the Disposed Group is considered to be low. Based on the above and given that (i) we have reviewed the annual sales forecast for the year ended 31 December 2012 provided by the Disposed Group's customers and noted that the sales forecasts were approximately 28% higher than the actual sales orders for the year; (ii) we have reviewed the Disposed Group's management account for each of the six months ended 30 June 2013 and 30 June 2012 and noted an improvement on gross profit margin; (iii) the improvement on the Disposed Group's gross profit margin may not be sustainable; and (iv) the sales order of one of the Disposed Group's major customers has been decreasing since 2012, we concur with the executive Directors' view that the financial performance of the Disposed Group may or may not be sustainable in the future.

On 21 July 2005, the PRC Government reformed the exchange rate regime by moving into a managed floating exchange rate regime based on market demand and supply with reference to a basket of currencies, determined by the PBOC. This change in policy has resulted in the value of the RMB appreciating against the USD significantly, from the exchange rate of US\$1:RMB8.28 in January 2005 to US\$1:RMB6.22 in January 2013. As advised by the management of the Group, most of the sales and raw material purchases are denominated in USD and Hong Kong dollars where part of the manufacturing overhead is denominated in RMB. Appreciation of RMB against USD will therefore have an adverse effect on the profit margin of the Group.

LETTER FROM MESSIS CAPITAL

Labour cost in the PRC is affected by the demand for and supply of labour as well as economic factors in the PRC including the inflation rate and standard of living. According to the National Bureau of Statistics of China, the average labour cost in the PRC has increased by approximately 189% from 2003 to 2011. With reference to the notice released by the Dongguan Municipality Government regarding to the adjustment of the minimum wage in Dongguan 《關於調整我市企業職工最低工資標準的通知》, effective on 1st May 2013, the mandatory minimum wage has been increased by approximately 19%, from RMB1,100 per month to RMB1,310 per month. As advised by the management of the Company, the minimum wage adjustment and the labour shortage across the province have put pressure on the operating cost for the Group which might affect the competitiveness and profitability of the Group. The executive Directors are of the view that the Disposal presents a good opportunity for the Group to dispose the business in an industry with less favourable operating condition.

According to the 2012 Annual Report, one of the Group's main focuses will be on strengthening their financial position preparing for deployment of new growth strategies at the right timing. As advised by the management of the Company, the executive Directors are of the view that the Disposal (i) is of strategic importance and in the interests of the Company; (ii) is in line with the Group's strategy; and (iii) provides an opportunity to generate considerable cash inflow to the Remaining Group given the high uncertainties in the profitability of the Disposed Group outlined above.

As advised by the management of the Company, a significant portion of the Remaining Group's products is used in the manufacturing of automotive speakers and the Company intends to develop the remaining business of the Remaining Group towards automotive speakers. According to information provided on the website of the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (www.miit.gov.cn), the production and sales of automobiles in the PRC during the period from January to October 2013 both exceeded 17 million units and increased by approximately 13.58% and 13.47% respectively compared to the same period last year. The State Council Information Office of the PRC (中華人民共和國國務院新聞辦公室) published the Decision of the Central Committee of the Communist Party of China on Several Major Issues Concerning Comprehensively Deepening Reform (中共中央關於全面深化改革若干重大問題的決定) in November 2013 which includes key reforms the PRC government aims to achieve by 2020. One reform is to promote urban-rural development which allows farmers to participate in China's modernization so as to increase their standard of living and consumption levels. Furthermore, the PRC government announced the implementation of the two

LETTER FROM MESSIS CAPITAL

children policy where a couple can have two children if either couple is the only child. The expected increase in population supported by the two children policy and the modernization in rural areas will increase the demand of automobiles and other household products which contain speaker units such as televisions and audio systems. Based on the above, we are of the view that the prospect of the business of the Remaining Group remains positive in the next few years.

As advised by the management of the Company, the Disposed Group's products are mainly headphones and speaker systems for export. According to the information provided on the website of the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (www.miit.gov.cn), the total export for electronic information industry (including household audiovisual sector) (電子信息製造業) amounted to RMB2.3 trillion for the first half of 2013. However, the growth in export for electronic information industry (including household audiovisual industry) has decreased to 5.8% in the first half of 2013, from 9.6% for the corresponding period last year. Furthermore, based on the information published by the International Trade Administration, Department of Commerce of United States, the total import on audio and video equipment to the United States has been decreasing since 2010, from USD 31.4 billion for the nine months ended 30 September 2010 to USD 24.9 billion for the nine months ended 30 September 2013. Based on the above, we are of the view that the prospect of the Remaining Group's business is comparatively better than that of the Disposed Group's business and the Disposal allows the Group to better allocate its resources in developing the Remaining Group's business.

Upon Completion, the Remaining Group will be principally engaged in the trading and manufacturing of speaker units, which is one of the components for the manufacturing of its finished products, and provision of consultancy services in connection with research and development of headphones and speaker products. The Disposed Group will be principally engaged in the trading and manufacturing of moulds, headphones and speakers. As advised by the management of the Company, the respective businesses to be engaged by the Remaining Group and the Disposed Group immediately after Completion are clearly delineated and will not or are not likely to compete, either directly or indirectly, with each other. As advised by the management of the Company, there are not any overlapping of customers, manufacturing equipment and facilities between the Disposed Group and Remaining Group and upon Completion, the Disposed Group will be dependent on the supply of speaker units from the Remaining Group for its manufacturing of finished products while the Remaining Group's manufacturing function will be independent of the Disposed Group.

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After discussion with the management of the Company, we noted that upon Completion, (i) CMI will be focusing on the manufacturing of speaker component units where TSI will be one of their customers; and (ii) Shinhint Technology will be focusing on provision of consultancy services in connection with research and development of headphones and speaker products where TSAT will be one of their customers; and (iii) the Company currently does not have any intention or plan to dispose of or downsize or make any major changes to the business of the Remaining Group. As advised by the management of the Company, after the Disposal, (i) TSI will no longer be in the Group and the Company will be able to recognise the revenue generated from products selling to TSI in its consolidated financial statements which may in turn improve the financial performance of the Remaining Group; and (ii) the Disposal will not affect the Remaining Group's manufacturing function in the future and the Remaining Group will be able to operate independently.

Use of proceeds

As stated from the Letter from the Board, the net proceeds shall be used for general working capital of the Remaining Group which in turn will allow the Remaining Group to re-deploy more resources towards the remaining business of the Remaining Group and other business opportunities of the Remaining Group as may be identified by the Board from time to time that can broaden the profitability of the Remaining Group. As advised by the management of the Company, with a stronger cash flow position after the Disposal, the Company will be able to (i) allocate more R&D resources to the Remaining Group in order to improve the overall quality of its existing products and to develop other new products which may in turn improve the profitability of the Remaining Group; (ii) maintain the flexibility to take sales orders from customers with longer settlement terms; and (iii) purchase new production equipment and machinery to enhance the production efficiency and capacity of the Remaining Group.

Furthermore, the executive Directors confirmed that, as at the date of the circular and to the best of their knowledge, (i) the Disposal does not lead to the next course of business transaction not known to the independent non-executive Directors; and (ii) save for the Disposal, there are no negotiations or agreements relating to any intended acquisitions or realisations or any matter discloseable which is or may be of a price-sensitive nature.

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Taking into account that (i) the financial performance of the Disposed Group may or may not be sustainable in the future given the high uncertainties facing the Disposed Group; (ii) the operating condition becomes less favourable especially with the appreciation in RMB and the increase in wage level in the Dongguan City; (iii) the Disposal provides an opportunity to the Group to generate considerable cash inflow to the Remaining Group which not only allows the Company to dispose of the business with uncertain outlook, but also will bring cash inflow to the Group and hence allow the Company to allocate more R&D resources to the Remaining Group which may improve the gross profit of the Remaining Group as well as to focus on developing the remaining business of the Remaining Group towards automotive speakers; (iv) the prospect of the Remaining Group's business is comparatively better than that of the Disposed Group's business and the Disposal allows the Group to better allocate its resources in developing the Remaining Group's business; (v) after the Disposal, TSI will no longer be in the Group and the Company will be able to recognise the revenue generated from products selling to TSI in its consolidated financial statements which may in turn improve the financial performance of the Remaining Group; and (vi) the Disposal will not affect the Remaining Group's manufacturing function in the future since the Remaining Group can operate independently of the Disposed Group, we consider that the reasons for the Disposal are justifiable and concur with the view of the executive Directors that the Disposal is in the interest of the Company and its Independent Shareholders as a whole.

Principal terms of the Disposal Agreement

Pursuant to the Disposal Agreement dated 18 November 2013, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sales Shares at the Consideration of approximately HK\$122.2 million (subject to adjustment).

(a) Basis of Consideration

According to the Letter from the Board, the Consideration was determined after arm's length negotiations between the Purchaser and the Vendor by reference to:

- (i) the unaudited NAV of the Disposed Group in the amount of approximately HK\$122.2 million as at 31 October 2013; and
- (ii) the historical financial performance of the Disposed Group in recent years.

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As soon as possible after signing of the Disposal Agreement, the Vendor has instructed the Valuer to conduct a valuation to ascertain the fair value of the Disposed Group as at 31 October 2013. Upon the determination of the fair value of the Disposed Group as shown in the valuation report (the “**Valued Amount**”) to be issued by the Valuer prior to Completion, if the Valued Amount and the Initial Consideration differ, the Consideration shall be equal to the Initial Consideration or the Valued Amount, whichever is higher. As the Initial Consideration is higher than the Valued Amount, the Consideration for the sale and purchase of the Sale Shares is HK\$122.2 million and no adjustment is necessary. The Consideration will be settled by the Purchaser in cash within 30 calendar days after the Completion Date by delivering a cashier order drawn on a licensed bank in Hong Kong in favour of the Vendor (or as it may direct) or in such other manner as may be agreed between the Parties.

(b) Valuation of the Disposed Group

The Group engaged Stern Appraisal Limited (the “**Valuer**”), an independent professional valuer to assess the market value of the Disposed Group (the “**Valuation**”). Regarding the valuation report as set out in Appendix II to the Circular (the “**Valuation Report**”), we have taken all reasonable steps pursuant to note 1(d) to Rule 13.80 of the Listing Rules and we are not aware of any issues that shall be brought to the Independent Shareholders’ attention. The steps taken by us include the following:

- (i) interviewing the Valuer including as to its expertise and any current or prior relationships with the Company, other parties to the Disposal Agreement and connected persons of either the Company or other parties to the Disposal Agreement;
- (ii) reviewing the terms of the engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report); and
- (iii) save for the information as disclosed in the Circular, in particular, the background and financial information of Disposed Group, we are not aware that the Company or other parties to the Disposal Agreement has made formal or informal representations to the Valuer.

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According to the Valuation Report as set out in Appendix II to the Circular, the Disposed Group has a market value of approximately HK\$105.6 million as at 31 October 2013.

In assessing the fairness and reasonableness of the Valuation, we have reviewed the Valuation Report and discussed with the Valuer on the methodology adopted and assumptions made in arriving at the Valuation. We note that the Valuer has applied a combination of market approach and cost approach. As advised by the Valuer, the market approach would be more appropriate in estimating fair value of objects that have established second hand markets whereas the cost approach would be more appropriate in estimating fair value of objects without an established second hand market, or where the transactions in the used market are not transparent. Without a reliable financial projection, it would be speculative and inappropriate to employ the discounted cash flow method to estimate the fair value of Disposed Group. Upon our enquiry, we are given to understand that the Valuer carried out a site inspection of equipment on 15 November 2013 to verify their existence, determined their physical condition, analyzed the market conditions and developed the fair value for of the Disposal Group. We are given to know that market approach and cost approach were used in this appraisal; market approach measures the benefit of an asset through an analysis of recent sales or offerings or comparables; cost approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for depreciation from all causes – physical, functional, and economic. We also note that the Valuation is prepared in accordance with Hong Kong Accounting Standard 16 – Property, Plant and Equipment (“**HKAS 16**”). Based on our discussion with the Valuer and the review of the Valuation Report, we consider that the methodology applied is consistent with the market practice and we have not identified any substantial factors which cause us to doubt the fairness and reasonableness of the methodology adopted and the basis used in arriving at the Valuation.

As stated in the Valuation Report, Tai Sing Group had trade receivables of HK\$236,563,000 as of the Valuation Date based on the management accounts of Tai Sing Group as of 31 October 2013. The Valuer had applied a 5% discount to the trade receivables considering the impairment loss history of the Disposed Group. We have further discussed with the Valuer on the basis in arriving at such discount rate which has taken into account the approximately 5% historical average impairment loss recognized as percentage of trade receivables of the Disposed Group for the year ended 31 December 2012 and the six months ended 30 June 2013. Considering the fact that (i) HK\$26,133,000 was recognised as impairment loss (which equals to approximately 8.0% of its trade receivables) for the 6 months ended 30 June 2012; (ii) HK\$3,298,000 was recognised as impairment loss (which equals to approximately 1.3% to its trade receivables) for the six months ended 30 June 2013; and (iii) the

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average impairment loss recognized as percentage of trade receivables of the Disposed Group for the year ended 31 December 2012 and the six months ended 30 June 2013 of approximately 5% reflects a reasonable estimate of the impairment loss of trade receivables based on the latest historical financial information of the Disposed Group, we are of the view that the basis for applying 5% as the discount for the trade receivables in the Valuation is fair and reasonable and in the interests of the Company and its shareholders.

As stated in the Letter from the Board, the Relevant Amount will, upon Completion, become a financial assistance given by the Remaining Group to the Disposed Group, which will constitute continuing connected transaction for the Company subject to the reporting, annual review and announcement requirements under Rule 14A.41 of the Listing Rules on the basis that each member of the Disposed Group will become an associate of Mr. Cheung upon Completion. As at the Latest Practicable Date, there is no proposal between relevant members of the Disposed Group and the Remaining Group to vary or renew the terms of such financial assistance. In order for the Disposed Group to settle any amount due to the Remaining Group as soon as practicable after Completion, the Purchaser has undertaken with the Vendor that it shall, within six months after the Completion Date, procure the Disposed Group to repay the Relevant Amount or such outstanding amount which remains outstanding as at the Completion Date to the Company (or any of its subsidiaries as the Company may direct) by remitting such amount to the bank account(s) as designated by the Company in writing or in such manner as agreed between the Parties. Taking into account (i) the financial assistance is part of the Disposal; (ii) the Disposal provides an opportunity to the Group to generate considerable cash inflow to the Remaining Group upon Completion; and (iii) the benefit arising from the Disposal, details of which are set out in the paragraph headed "Reasons for and benefits of the Disposal" above, we concur with the executive Directors that the financial assistance given by the Remaining Group to the Disposed Group as described above is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

In light of the above and taking into account that (i) the Consideration was determined with reference to the unaudited NAV of the Disposed Group as at 31 October 2013; and (ii) the Consideration of HK\$122.2 million is higher than the Valued Amount, we are of the view that the Consideration is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

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Possible financial effects of the Disposal

Upon Completion, each of TSI and TSAT will cease to be a subsidiary of the Company and the Company will cease to hold any interest therein. The financial results of TSI and TSAT will not be consolidated into the financial statements of the Remaining Group. According to the unaudited consolidated financial statement of the Group:

Total assets

As at 30 June 2013, the unaudited consolidated total assets of the Group amounted to approximately HK\$528.8 million of which approximately HK\$259.3 million was attributable to the Disposed Group. Taking into account the net proceeds from the Disposal, the unaudited consolidated total assets of the Remaining Group would be approximately HK\$269.5 million if Completion could have taken place on 30 June 2013.

Total liabilities

As at 30 June 2013, the unaudited consolidated total liabilities of the Group amounted to approximately HK\$271.6 million of which approximately HK\$140.1 million was attributable to the Disposed Group. The unaudited consolidated total liabilities of the Remaining Group would be approximately HK\$131.5 million if Completion could have taken place on 30 June 2013.

Earnings

As stated from the Letter from the Board, based on the Consideration of the Disposal of HK\$122.2 million and the estimated professional fees and all related expenses for the Disposal of approximately HK\$1.4 million, and with reference to the unaudited financial results of the Disposed Group as at 31 October 2013, the expected one-off loss on the Disposal will be approximately HK\$1.4 million. As compared to the total loss of the group for the year ended 31 December 2012, the expected loss on the Disposal is of 4.19%. Taking into account the benefits of the Disposal, the executive Directors are of the view that such expected one-off loss on the Disposal is acceptable. The actual book gain or loss derived from the Disposal would vary and depend on (i) the profit or loss of the Disposed Group up to the date of the Completion Date and is subject to final audit to be performed by the Company's auditors; and (ii)

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the amount of professional fees and all related expenses for the consummation of the Disposal and the transactions contemplated thereunder. Besides, the management of the Company advised that, after the Disposal, TSI will no longer be in the Group and the Company will be able to recognise the revenue generated from products selling to TSI in its consolidated financial statements which may in turn improve the financial performance of the Remaining Group.

Gross profit margin and net profit margin

According to the unaudited management account of the Disposed Group, the gross profit margin and net profit margin of the Disposed Group were higher than that of the Remaining Group for the six months ended 30 June 2013. As advised by the management of the Company, it was primarily attributable to the fact that the Remaining Group offered an attractive pricing to one of its major customers during the period. As such, the Remaining Group recorded a relatively lower gross profit margin and net profit margin for the period. Accordingly, the gross profit margin and net profit margin of the Group would decrease if Completion could have taken place on 30 June 2013.

Notwithstanding the Remaining Group would record an one-off loss resulting from the Disposal and the decrease in gross profit margin and net profit margin, having considered that (i) the benefit arising from the Disposal, details of which are set out in the paragraph headed “Reasons for and benefits of the Disposal” above; and (ii) the Disposal provides an opportunity to the Group to generate considerable cash inflow to the Remaining Group which not only allows the Company to dispose of the business with uncertain outlook, but also will bring cash inflow to the Group and hence allow the Group to focus and allocate its resources to other potential business and investment opportunities, we consider that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

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5. The Supply Agreement

Reasons for the Supply Agreement

TSI is principally engaged in the trading and manufacturing of moulds, headphones and speakers and a wholly-owned subsidiary of CMI is principally engaged in the manufacturing of speaker units. As set out in the management discussion and analysis in the 2012 Annual Report, the Group plans to increase business volume with their existing customers and further expand its customer base. As advised by the management of the Company, TSI has been sourcing speaker units from CMI. The executive Directors expect that the Supply Agreement will continue to allow the Remaining Group to utilise its expertise and capacity in the manufacturing of speaker units and generate additional revenue for the Remaining Group in view of the Disposed Group's demand of speaker units for its manufacturing operation. Having considered that (i) CMI is principally engaged in the manufacturing of speaker units; (ii) the Supply Agreement is, in the opinion of the executive Directors, in line with the Group's business plan to increase business volume with existing customers and further expand its customer base; (iii) the Remaining Group could utilise its expertise and capacity in the manufacturing of speaker units and generate additional revenue and maintain the supplier/customer relationship between the Group and the TSI, we concur with the executive Directors' view that the Supply Agreement is in the interests of the Group so far as the Company and the Independent Shareholders are concerned.

Terms

Upon Completion, CMI will, pursuant to the Disposal Agreement, enter into the Supply Agreement with TSI in relation to the supply of speaker units by CMI to TSI. The Supply Agreement will be, subject to Completion, entered into by CMI and TSI on the Completion Date. The principal terms of the Supply Agreement are set out below:

- | | | |
|----------|---------------|---|
| Parties: | 1. Supplier: | CMI, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and a member of the Remaining Group after Completion; and |
| | 2. Purchaser: | TSI, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and a member of the Disposed Group after Completion |

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Term:	The term of the Supply Agreement shall be for a period from 1 January 2014 to 31 December 2016
Nature of transactions:	Supply of speaker units by CMI to TSI
Pricing basis:	The purchase price for speaker units to be charged by CMI shall be determined on normal commercial terms and shall not be less favourable than the prevailing prices that CMI charges its independent customers from time to time. TSI shall settle the purchase price within 90 days of the date of the relevant invoice issued by CMI to TSI (or its subsidiary) in respect of any transaction for the supply and purchase of the speaker units
Annual caps:	HK\$36 million for the year ending 31 December 2014 HK\$47 million for the year ending 31 December 2015 HK\$58 million for the year ending 31 December 2016

The Board has considered and proposed the Proposed Annual Caps for the Supply Agreement of HK\$36 million, HK\$47 million and HK\$58 million for the three years ending 31 December 2016, respectively. To assess the fairness and the reasonableness, we have discussed with the Company the basis for purpose of determining the Annual Caps for the Supply Agreement, details of which are as follows:

As advised by the management of the Company, TSI has sourced its product components from CMI and other independent third parties during the period from 1 January 2013 to 31 October 2013. During the period, the amount of speaker units supplied by CMI to TSI was approximately HK\$21 million, which increased from approximately HK\$12 million for the same period in 2012. As stated in the 2012 Annual Report, the Group aims to increase business volume with their existing customers and further expand its customer base. We have discussed with the management of the Company regarding the demand for the Group's product by TSI. As advised by the management of the Company, CMI has discussed with the management of TSI regarding the products expected to be demanded by TSI in the coming years. The discussion turned out to be favourable to CMI as TSI proposed to increase their procurement for CMI's products continuously for the three years ending 31 December 2016. Based on the discussion and considering various factors including

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but not limited to (i) the availability of supply of speaker units from CMI; (ii) the pricing basis of speaker units charged by CMI; (iii) the existing business relationship between CMI and TSI; and (iv) the positive response from the management of TSI in respect of the quality of the products manufactured by CMI, the executive Directors are of the view that TSI will continue to source its product components from the Remaining Group and expected that the demand for the speaker units from TSI will be HK\$36 million, HK\$47 million, and HK\$58 million for each of the three years ending 31 December 2016, respectively. Considering (i) the Disposed Group's reliance on the expertise, experience and capacity in the manufacturing of speaker units from the Remaining Group; (ii) the increase in the expected demand for speaker units from TSI of approximately HK\$11 million each year during the three years ending 31 December 2016 is in line with the historical increase in sales of speaker units supplied by CMI to TSI for the period from 1 January 2013 to 31 October 2013 compared to the same period last year; and (iii) the positive response from the management of TSI in respect of the quality of the products manufactured by CMI and their intention to increase their procurement for CMI's products for the coming few years, we are of the view that the expected demand for speaker units from TSI by the management of the Company is fair and reasonable.

Based on the above, we are of the view that the proposed annual caps for Supply Agreement are fair and reasonable and in the interests of the Company and its shareholders.

After discussion with the management of the Company, we note that (i) prior to completion of the Disposal, the purchase price for speaker units charged by CMI to TSI (both are subsidiaries of the Company) is based on cost of production which is not considered to be on normal commercial terms; (ii) upon Completion, as each of TSI and TSAT will cease to be a subsidiary of the Company and the Company will cease to hold any interest therein, CMI would charge TSI with reference to the cost of production of speaker units that TSI ordered on an arm's length basis plus a profit margin of certain percentage based on quantity ordered, technical difficulty and urgency; (iii) CMI also charges its independent customers by applying the above method; (iv) the payment terms of the relevant invoice issued by CMI to TSI is similar to that issued to other independent customers from time to time; (v) the quotation of the sale orders is first prepared by the sales personnel and then reviewed by the department head of the sales department of CMI to ensure that the pricing and payments terms are determined with reference to the aforesaid pricing mechanism on an arm's length basis and are therefore on normal commercial terms; and (vi) the transactions under the Supply Agreement are subject to annual review by the independent non-executive Directors and auditors of the Company to ensure that the pricing and payments terms are on normal commercial terms.

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Moreover, according to the 2012 Annual Report, the Group has improved its efficiency for the year ended 31 December 2012 and the executive Directors expected that these efforts will continue. This can allow the Company to utilize its resources in a more effective way to manufacture its products. As advised by the management of the Company, the Group has sufficient expertise, experience and capacity in the manufacturing of speaker units under the Supply Agreement.

Given that (i) the Annual Caps for the Supply Agreement for the three years ending 31 December 2016 are determined with reference to the historical amount of supply of speaker units supplied by CMI to TSI and TSI's expected demand for speaker units projected by TSI for the three years ending 31 December 2016; the production capacity of the Remaining Group for the production of speaker units; and (ii) CMI has appropriate measures to ensure that the price for speaker units to be charged by CMI will not be lower than the prevailing prices that CMI charges its independent customers, we concur with the executive Directors' view that the terms of the Supply Agreement are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. The R&D Service Agreement

The Disposed Group will be principally engaged in the trading and manufacturing of moulds, headphones and speakers after Completion while Shinhint Technology is principally engaged in the research and development of headphones and speaker products. As mentioned in the management discussion and analysis set out in the 2012 Annual Report, the Group plans to increase business volume with their existing customers and further expand its customer base. As advised by the management of the Company, Shinhint Technology has been providing R&D Service to TSAT. The executive Directors are of the view that the R&D Service Agreement will allow the Remaining Group to utilise its capability in providing research and development services on headphones and speaker products and generate additional revenue for the Remaining Group. Having considered that (i) Shinhint Technology is principally engaged in the research and development of headphones and speaker products; (ii) the R&D Service Agreement is, in the opinion of the management of the Company, in line with the Group's business plan to increase business volume with existing customers and further expand its customer base; and (iii) the Remaining Group could utilise its capability in providing research and development services on headphones and speaker products and generate additional revenue and maintain the supplier/customer relationship between the Group and TSAT by providing continual support in respect of research and development for its manufacturing operation, we concur with the executive Directors' view that the R&D Service Agreement is in the interests of the Group so far as the Company and the Independent Shareholders are concerned.

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Terms

Upon Completion, Shinhint Technology will, pursuant to the Disposal Agreement, enter into the R&D Service Agreement with TSAT for the provision of research and development services to TSAT. The R&D Service Agreement will be, subject to Completion, entered into by Shinhint Technology and TSAT on the Completion Date. The principal terms of the R&D Service Agreement are set out below:

- | | |
|-------------------------|---|
| Parties: | <ol style="list-style-type: none">1. Shinhint Technology, an indirect wholly-owned subsidiary of the Company and a member of the Remaining Group after Completion; and2. TSAT, a wholly-owned subsidiary of TSI and a member of the Disposed Group after Completion |
| Term: | The term of the R&D Service Agreement shall be for a period from 1 January 2014 to 31 December 2016 |
| Nature of transactions: | Provision of services by Shinhint Technology to TSAT in connection with the research and development of headphones and speaker products |
| Pricing basis: | The service fee for the provision of the R&D Service to be charged by Shinhint Technology shall be determined on normal commercial terms and shall not be less favourable than the service fee that Shinhint Technology charges an Independent Third Party from time to time. TSAT shall settle the service fee within 90 days of the date of the relevant invoice issued by Shinhint Technology to TSAT in respect of any provision of the R&D Service |
| Annual caps: | HK\$10 million for the year ending 31 December 2014

HK\$10 million for the year ending 31 December 2015

HK\$10 million for the year ending 31 December 2016 |

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The Board has considered and proposed the Annual Caps for the R&D Service Agreement of HK\$10 million, HK\$10 million and HK\$10 million for the three years ending 31 December 2016, respectively. To assess the fairness and the reasonableness, we have discussed with the Company the basis for purpose of determining the Annual Caps for the R&D Service Agreement, details of which are as follows:

As advised by the management of the Company, only the Remaining Group has provided R&D Service to the Disposed Group during the period from 1 January 2013 to 31 October 2013. During the period, the amount of R&D Service fee paid to Shinhint Technology by TSAT was approximately HK\$5 million. We have discussed with the management of the Company regarding the demand for the R&D Service by TSAT. As advised by the management of the Company, Shinhint Technology has discussed with the management of the TSAT regarding the expected demand for R&D Service by TSAT in the coming years. The discussion turned out to be favourable to Shinhint Technology as TSAT proposed to increase their procurement for Shinhint Technology's R&D Service for the three years ending 31 December 2016. Based on the discussion and considering various factors including but not limited to, (i) the availability of provision of R&D Service from Shinhint Technology; (ii) the pricing basis of R&D Service charged by Shinhint Technology; (iii) the existing business relationship between Shinhint Technology and TSAT; and (iv) the positive response from the management of TSAT in respect of the quality of the R&D Service provided by Shinhint Technology, the executive Directors are of the view that TSAT will continue to use the R&D Service provided by Shinhint Technology and expected that the demand for such service will amount to HK\$10 million, HK\$10 million, and HK\$10 million for each of the three years ending 31 December 2016, respectively. Considering the fact that (i) the Disposed Group's reliance on the expertise, experience and capability to research and develop headphones and speaker products from the Remaining Group; and (ii) the positive response from the management of TSAT in respect of the quality of the R&D Service provided by Shinhint Technology and their intention to increase their procurement for Shinhint Technology's R&D Service for the coming few years, we are of the view that the expected demand for the R&D Service from TSAT by the management of the Company is fair and reasonable.

Based on the above, we are of the view that the proposed annual caps for R&D Service Agreement are fair and reasonable and in the interests of the Company and its shareholders.

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After discussion with the management of the Company, we noted that (i) prior to the completion of the Disposal, the service fee for the provision of the R&D Service charged by Shinhint Technology to TSAT (both are subsidiaries of the Company) is based on the cost of manpower provided plus minimum margin which is not considered to be on normal commercial terms; (ii) upon Completion, as each of TSI and TSAT will cease to be a subsidiary of the Company and the Company will cease to hold any interest therein, the service fee for the provision of the R&D Service to be charged by Shinhint Technology will calculate based on the cost of manpower plus certain percentage of profit margin (within a range of 5% to 10% markup which in turn depends on the complexity of the R&D Service provided) where the aforesaid basis of calculation also applies to other independent customers; (iii) the quotation of the R&D Service is first prepared by the staff of Shinhint Technology and then reviewed by the management of Shinhint Technology to ensure that the pricing and payments terms is determined with reference to the aforesaid calculation on an arm's length basic and are therefore on normal commercial terms; and (iv) the transactions under the R&D Service Agreement are subject to annual review by the independent non-executive Directors and auditors of the Company to ensure that the pricing and payments terms are on normal commercial terms.

Moreover, as advised by the management of the Company, the Group has sufficient expertise, experience and capability to research and develop headphones and speaker products for TSAT under the R&D Service Agreement. According to the historical amount of R&D Service fee paid to Shinhint Technology by TSAT, the executive Directors are of the view that the profitability of such business can be maintained in the future.

Given that (i) Shinhint Technology has appropriate measures to ensure that the service fee for the provision of the R&D Service to be charged by Shinhint Technology shall be determined on normal commercial terms and shall not be less favourable than the service fee that Shinhint Technology charges an Independent Third Party from time to time; (ii) the Annual Caps for the R&D Service Agreement for the three years ending 31 December 2016 are determined with reference to the historical amount of R&D Service fee paid to Shinhint Technology by TSAT and TSAT's expected demand for the R&D Service projected by TSAT for the three years ending 31 December 2016; and (iii) the executive Directors are of the view that the profitability of the business can be maintained in the future, we concur with the executive Directors' view that the terms of the R&D Service Agreement are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, in particular:

- the executive Directors are of the view that the financial performance of the Disposed Group may or may not be sustainable in the future;
- the operating condition becomes less favorable especially with the appreciation in RMB and the increase in wage level in the Dongguan City;
- the Disposal provides an opportunity to the Group to generate considerable cash inflow to the Remaining Group which not only allows the Company to dispose of business with uncertain outlook, but also will bring cash inflow to the Group and hence allow the Group to focus and better allocate its resources in developing the business of the Remaining Group towards automotive speakers, which has a comparatively better prospectus than the business of the Disposed Group;
- the Consideration was determined with reference to the unaudited NAV of the Disposed Group as at 31 October 2013;
- the Consideration of HK\$122.2 million is higher than the Valued Amount;
- the Supply Agreement and the R&D Service Agreement is, in the opinion of the executive Directors, in line with the Group's business plan to increase business volume with existing customers and further expand its customer base;
- under the Supply Agreement and the R&D Service Agreement, the Remaining Group could utilise its expertise, experience and capacity to manufacture speaker units for TSI and to provide research and develop services on headphones and speaker products for TSAT to generate additional revenue and maintain the supplier/customer relationship with TSI and TSAT; and
- the terms of the Supply Agreement and R&D Service Agreement are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole,

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We consider that the terms of the Disposal Agreement, the Supply Agreement, the R&D Service Agreement and the Proposed Annual Caps are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and that the Disposal Agreement, the Supply Agreement, the R&D Service Agreement and the Proposed Annual Caps are in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the Disposal Agreement, the Supply Agreement, the R&D Service Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Robert Siu
Executive Director

FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2010, 2011 and 2012 are disclosed in the Company's 2010 annual report dated 25 March 2011 (from pages 26 to 76), 2011 annual report dated 23 March 2012 (from pages 27 to 76) and 2012 annual report dated 22 March 2013 (from pages 29 to 80) respectively. The annual reports can be accessed on the website of the Company (www.shinhint.com) and the website of the Stock Exchange (www.hkexnews.hk).

Indebtedness of the Group***Borrowings***

As at the close of business on 30 November 2013, being the latest practicable date for the purpose of the statement of indebtedness, the Group (including the Company and its subsidiaries) did not have any borrowing.

Contingent liabilities

As at the close of business on 30 November 2013, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the 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 acceptances credits or hire purchase commitments, capital commitments, guarantees or other material contingent liabilities as at the close of business on 30 November 2013. The Directors confirmed that there had been no material change in the indebtedness of the Group since 30 November 2013.

Working Capital

The Directors are of the opinion that, taking into account (i) the Group's existing cash and bank balance and (ii) the expected internally generated funds from its ordinary business operations and in the absence of unforeseeable circumstances, the Group will have sufficient working capital for its present requirement for the next twelve months from the date of this circular.

Material Adverse Change

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date of the latest published audited financial statements of the Company.

Financial and Trading Prospects of the Remaining Group

The Remaining Group is principally engaged in the trading and manufacturing of speaker units.

For the six months ended 30 June 2013, the remaining business has recorded a loss of HK\$7.8 million on a turnover of HK\$194.7 million in its segment results. For the same period of 2012, it has recorded segmental loss of HK\$0.5 million on a turnover of HK\$161.8 million. Nonetheless, the overall improvement of factory efficiency and the change of product mix would improve the result in the second half of 2013.

Going forward, the Group would focus on the margin improvement of the remaining business in the coming years and the three main actions are revision of selling price, improvement of efficiency and optimization of product mix. The Group believes it will be a profit contributor in the whole year of 2014 and beyond.

The following is the extracted text of a valuation report, prepared for the purpose of incorporation in this circular, received from Stern Appraisal Limited, an independent valuer, in connection with its valuation as at 31 October 2013 of the net asset value of the Disposed Group.



8 January 2014

Board of Directors
Shinhint Acoustic Link Holdings Limited
Unit 1506, 15/F., Nanyang Plaza
57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

Pursuant to your request and in accordance with our signed engagement letter number P03113, Stern Appraisal Limited (“Stern”) has assisted the management (the “Management”) of Shinhint Acoustic Link Holdings Limited (“Shinhint,” the “Company,” or the “Client”) to estimate the net asset value (“NAV”) of Tai Sing Industrial Company Limited and Dongguan Tai Sing Audio Technology Limited (together referred to as “Tai Sing Group”). In our analyses, we appraised the fair value of the machinery and equipment (the “Equipment”) of Tai Sing Group in accordance with Hong Kong Accounting Standard 16 – Property, Plant and Equipment (“HKAS 16”). We also determined the fair value of the inventory (the “Inventory”) exhibited to us under Tai Sing Group. Based on the fair value estimated for the Equipment and Inventory, and together with the financial information provided in the management’s report of Tai Sing Group, we determined the NAV of Tai Sing Group as of October 31, 2013. It is our understanding that this valuation will be used for the purposes of the disposal of Tai Sing Group (the “Disposal”). No other use of our analysis is intended or inferred.

Our opinion will be used as part of Shinhint’s analysis in reaching the Company’s conclusion of values. The responsibility for the assessment of the fair value and NAV rests solely with the Client.

The effective date of this valuation is October 31, 2013.

This summary report includes details on the scope of our analysis, definitions of value, the valuation date and site inspection details, valuation theory, overview of the Company, Equipment and Inventory, the approaches utilized, and our conclusion of the fair value. Our analysis and conclusions are subject to the Statement of General Assumptions and Limiting Conditions.

COMPANY OVERVIEW

Shinhint was founded in 1990 and is a leading electro-acoustic ODM/OEM manufacturer in PRC. Shinhint is a vertically integrated manufacturing service provider. Shinhint has a wide range of products including multimedia speaker systems – portable and wireless multimedia speaker systems, home theatre system, personal communications and gaming headsets, including bluetooth enabled gaming headsets, audio headsets and automobile speakers.

SCOPE OF WORK

The scope of our work included an analysis and inspection of the Equipment, as well as a desktop appraisal of the Inventory, of Tai Sing Group, which is located at Tai Sing Industrial Road, Bai Zhou Bian, Dong Cheng, Dongguan, the People's Republic of China.

For this appraisal, we conducted a site inspection of the Equipment to verify their existence, determined their physical condition, analyzed the market conditions and developed the fair value for of the Equipment.

It is our understanding that this appraisal will be used for the purposes of the Disposal. No other use of our analysis is intended or inferred and no party other than the Client should reference to the results of our analysis.

Excluded from our appraisal are assets such as land, buildings, structures, work-in-process, and other tangible assets and intangible assets that are not included in the asset register that was provided to us by the Company.

DEFINITIONS OF VALUE

In estimating the fair value of the Equipment, our efforts were based on the following description of fair value in accordance to IFRS 13 *Fair Value Measurement*:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

VALUATION DATE AND SITE INSPECTIONS

The effective date of this appraisal is October 31, 2013 (the “Valuation Date”). The Company provided to us a fixed asset listing (the “Fixed Asset Record”), identifying the assets and their locations as of the Valuation Date. We also received a breakdown of the Inventory and management account (“Management Account”) as of the Valuation Date. We relied on the information contained in the Fixed Asset Record, Inventory breakdown and Management Account in deriving our value conclusion for this appraisal.

Site inspections of the Equipment were performed on November 15, 2013, in which we identified the high value items. The site inspection was conducted with the assistance from representatives of the Company. In general, we assumed that the Equipment was being used as intended with proper maintenance.

Upon completion of the physical inspection, we consulted with Management to obtain information regarding current operating conditions and any changes in operations that might impact the use of the Equipment.

In terms of the Inventory, we did not conduct a stock take or rollback exercise for the raw materials, semi-finished and finished goods. For the purpose of this appraisal, we relied on the Inventory information provided by the Company, as well as the information contained in the Management Account to estimate the fair value of the Inventory.

CONSIDERATIONS IN VALUATION APPROACH ADOPTION

In general, when an appraisal is conducted in connection with the disposal of a company, the business enterprise value of the target company could be estimated using either an asset based approach or income approach. However, in this valuation exercise, after discussions with the Management, we believed asset based approach would be more appropriate in estimating the fair value of Tai Sing Group because of the following reasons:

- Based on the unaudited financial information of Tai Sing Group, it incurred net loss of HK\$43.42 million and HK\$35.95 million in the two financial years ended December 31, 2011 and 2012 respectively. Although the unaudited segment gain of Tai Sing Group was approximately HK\$8.2 million for the six-month period ended 30 June 2013, the management of the Company opined that it would be premature to conclude that a turnaround was imminent and believed that it would be rather speculative and difficult to prepare a robust and reasonable financial projection of Tai Sing Group in a reliable manner based on the current information and macroeconomic environment. The huge historical loss over the past two years casted a big uncertainty to the survival of Tai Sing Group's businesses in the Management's view, which implied a challenge to the going concern assumption in business enterprise valuation.
- The Management believed the earnings and cashflows of Tai Sing Group tend to follow the economy. In this case, a financial forecast would be entangled with a prediction on the economic cycle, which the Management would like to avoid as it may involve immeasurable biases in the financial projection.
- According to the information provided by the Management, the utilization rate of the production equipment is currently below 50%, and the discounted cashflow method result tended to underestimate the implied value of fixed assets in an asset-intensive enterprise burdened by under-utilization. In a discounted cashflow valuation, the value of all assets that produce cashflows would be reflected. If Tai Sing Group has under-utilized assets, their values would be understated under the application of the discounted cashflow valuation methodology.

In accordance with the reasons above-mentioned, we believed that without a reliable financial projection, it would be speculative and inappropriate to employ the discounted cash flow method to estimate the fair value of Tai Sing Group. Theoretically, a negative enterprise value could be obtained if the projected cashflows of Tai Sing Group are negative. Furthermore, in a situation where under-utilized assets exist, asset based approach could better reflect the overall fair value of Tai Sing Group.

VALUATION THEORY

Our approach in valuing the Equipment relied on using the appropriate techniques to arrive at our estimates of value. We considered the three generally recognized approaches to value, namely: the Income, Market, and Cost Approach. An overview of the three approaches is as follows:

- The ***Income Approach*** focuses on the income-producing capability of an asset. The Income Approach incorporates the calculation of the present value of future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Indications are developed by discounting expected cash flows to present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality. Forecasting future cashflows involves uncertainty, and the farther the forecast goes into the future, the greater the uncertainty of the forecasted amounts. For start-up enterprises with little or no operating history, or enterprises operating in continuing losses, forecasts are likely to be speculative and unreliable in nature.
- The ***Market Approach*** measures the benefits of an asset through an analysis of recent sales or offerings of comparable property. Sales and offering prices are adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and comparable properties.
- The ***Cost Approach*** is based on the current cost to recreate or duplicate the asset less an appropriate allowance for depreciation from all causes – physical, functional, and economic. Incorporated in the Cost Approach is the economic principle of substitution that states: an informed purchaser would pay no more for a property than the cost of purchasing or producing a substitute property with the same utility as the appraised property. This approach is widely used in appraisal of asset-intensive businesses.

In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to the assets under appraisal. In some situations, elements of two or three approaches may be combined to reach a value conclusion.

For this appraisal, since the income generated by each piece of the Equipment could not be identified, the income approach was deemed inappropriate. For assets with an established second hand market such as motor vehicles, we applied the market approach to estimate their fair value. For assets without an established second hand market, or where the transactions in the used market are not transparent, we mainly relied on the cost approach to arrive at our opinion of value for the Equipment.

Due to the nature of the Inventory, we mainly considered the cost approach in arriving at our opinion of fair value.

DESCRIPTION OF THE EQUIPMENT AND INVENTORY

The Equipment included in this valuation exercise consisted of surface mount technology machinery and equipment, injection moulding machines, moulds, electrical discharge machines, machine centres, analytical equipment, general plant equipment, office equipment, furniture, computers and vehicles.

The Inventory included in this appraisal composed of raw materials, semi-finished goods and finished goods.

GENERAL VALUATION METHODOLOGY AND ASSUMPTIONS

Primary Sources of Data

Primary sources of data utilized in our analysis included the following:

- Management's Fixed Asset Record, Inventory breakdown and Management Account as of October 31 2013
- Appropriate price indices for various machinery and equipment
- Current replacement cost quotation from various equipment manufacturers and vendors

Investigation and Analyses***Equipment***

In arriving at our opinion of value for the Equipment, where possible, we contacted equipment dealers and check relevant resources to obtain the current price in developing our cost of reproduction/replacement new of the major production equipment. Otherwise, based on the year of acquisition and original cost recorded in the asset register, we applied the appropriate price indices to estimate the cost of reproduction new for the Equipment. The appropriate import duties, shipping and installation costs were also included in the estimation of the cost of reproduction/replacement new of the Equipment.

In term of physical depreciation, we relied on the normal age/life relationship to estimate the loss in value due to wear and tear from normal operation of the Equipment. The normal useful life for various category of assets are summarized in the following table:

Category	Normal Useful Life (Yr)
SMT Equipment	8
Injection Moulding Machine	20
Laboratory Equipment	10
Machinery and Equipment	15
Electrical Equipment	7
Personal Computer	3
Office Equipment	5
Furniture	8
Leasehold Improvement	15
Vehicle	8
Mould	2

No technological obsolescence was applied to the Equipment. However, based on the utilization data versus designed capacity provided by Tai Sing Group, economic obsolescence was applied to the Equipment.

Inventory

Tai Sing Group categorized the Inventory as raw materials (“Raw Materials”), semi-finished goods (“Semi-finished Goods”) and finished goods (“Finished Goods”).

Due to the original equipment manufacturer nature of the Company, procurement of raw materials is only made to fulfill the requirement of the secured order from its clients. Based on the data provided by the Company, the majority of Raw Materials was acquired within 3 months from the Valuation Date. Given the relatively recent acquisition of the Raw Materials, the recorded cost was assumed to be a reasonable representation of its fair value.

Finished Goods

In valuing the Finished Goods, the cost of the raw materials, incremental costs and the selling price were retrieved from the inventory management system of the Company. From the estimated selling price, the cost of shipping, holding cost and the portion of reasonable profit (based on the ratio between cost yet to incur and total cost) were deducted to arrive at the fair value of Finished Goods.

Semi-finished Goods

Based on the standard costing of the Company, the Semi-finished Goods figure was split into the raw material portion and the incurred incremental cost portion. The cost to incurred to turn the semi-finished goods into finished goods was estimated. The selling price of the ultimate finished goods was grossed up based on the gross margin obtained from the Finished Goods described earlier. From the estimated selling price, the incremental cost required to complete the manufacturing process, shipping costs, holding cost and the portion of reasonable profit (based on the ratio between cost yet to incur and total cost) were deducted to arrive at the fair value of the Semi-finished Goods.

For the purpose of this appraisal, we reviewed the asset listings of the Equipment and Inventory as well as other related technical specifications and documents supplied to us by the Company. We have relied to a considerable extend on such listings, specifications and documents in arriving at our opinion of value. The balance of the information provided by the Company, after adjustments based on our observation, although not subject to a detailed verification, was accepted as reasonably representing the facts.

It should be noted that our site inspection did not include a detailed verification and making a list of all existing assets. In arriving at our value conclusion, we assumed adequate maintenance is provided to the equipment. We also assumed the equipment would be able to perform efficiently for the purpose for which it was designed or built.

Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or other observable conditions distinguishing the Equipment from equipment of like kind in new condition were noted and made part of our judgment in arriving at the value.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We also assumed that no material facts have been omitted from the information provided by the Company. We considered we have been provided with sufficient information to reach an informed view.

Trade Receivables

Tai Sing Group had trade receivables of HK\$236,563,000 as of the Valuation Date based on the management accounts of Tai Sing Group as of October 31, 2013. According to the 2012 and 2013 interim reports of the Company, the impairment loss of HK\$26,133,000 and HK\$3,298,000 were recognized in 2012 and the first six months of 2013 due to termination of operation and closure of business of its customers, respectively. Since there is no guarantee that the Company could receive 100% of the reported outstanding trade receivables as of the appraisal date, to be prudent, we applied a discount to the reported value of the trade receivables. After analysing the impairment loss in 2012 and grossed up amount for 2013, an average of 5% discount (rounded) is concluded. The value of trade receivables after the 5% discount is estimated to be HK\$224,734,000.

CONCLUSION OF VALUE

Based on the information provided and the analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, it is our opinion that, as of October 31, 2013, the indicative fair value of the Equipment is estimated to be Hong Kong Dollar Twenty Nine Million Five Hundred and Forty Thousand Only (HK\$29,540,000), after rounding. The indicative fair value of the Inventory is estimated to be Hong Kong Dollar Sixty Five Million Two Hundred and Eighty Thousand Only (HK\$65,280,000), after rounding. The NAV, after adjusting for fair value of the aforesaid Equipment, Inventory and adjusted trade receivables, of Tai Sing Group is estimated to be Hong Kong Dollar One Hundred and Five Million Six Hundred and Twenty One Thousand Only (HK\$105,621,000), which is summarized in the following table.

Tai Sing Group NAV After Valuation Adjustment	<i>HK\$'000</i>	Remarks
Non-current assets		
Property, plant and equipment	29,539	(from FV of Fixed Assets)
Rental deposits	399	(from Management Account)
Deposits for acquisition of PPE	2,029	(from Management Account)
	<u>31,967</u>	
Current assets		
Inventories	65,278	(from FV of Inventory)
Amount due from/(to) group companies	(35,344)	(from Management Account)
Trade receivables	224,734	(adjusted for bad debt)
Deposits, prepayments and other receivables	19,750	(from Management Account)
Bank balances and cash	34,461	(from Management Account)
	<u>308,879</u>	

Tai Sing Group NAV After Valuation Adjustment	<i>HK\$'000</i>	Remarks
Current liabilities		
Trade payables	169,631	(from Management Account)
Other payables and accruals	65,072	(from Management Account)
Taxation payable	<u>522</u>	(from Management Account)
	<u><u>235,225</u></u>	
Net current assets	<u><u>73,654</u></u>	
Total assets less current liabilities	<u><u>105,621</u></u>	

Please note that the concluded fair value does not represent the amount that might be realized from a piecemeal disposition of the Equipment or Inventory in the open market in the future or from an alternate use of the Equipment or Inventory.

We appreciate the opportunity to be of service and would be pleased to discuss our findings and the methodologies employed. A copy of this report is retained in our files, together with the data from which it was prepared.

Respectfully Submitted,

Stern Appraisal Limited

1. 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 other matters not contained in this circular, the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL**Authorised and issued share capital**

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

<i>Authorised share capital</i>		<i>HK\$</i>
<u>500,000,000</u> Shares		<u>5,000,000</u>
<i>Issued and fully paid</i>		
<u>321,545,564</u> Shares		<u>3,215,455.64</u>

As at the Latest Practicable Date, save as 4,400,000 outstanding options granted by the Company under the Share Option Scheme, the Company had no outstanding derivatives, options, warrants, conversion rights or other rights which are convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of each Director and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and their respective associated corporations (within the meaning of Part XV of the SFO) which have been 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 are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are as follows:

Beneficial interests in Shares as at the Latest Practicable Date;

Name of Directors	Capacity	Number of Shares ⁽¹⁾	Number of underlying Shares ⁽¹⁾⁽³⁾	Total number of Shares	Approximate percentage of the issued Shares
Cheung Wah Keung	Interest of a controlled corporation ⁽²⁾	107,655,473	–	107,655,473	33.48%
	Beneficial owner	3,596,000	–	3,596,000	1.12%
Wong Sau Lik, Weeky Peter	Beneficial owner	–	3,200,000	3,200,000	1.00%
Lai Ming, Joseph	Beneficial owner	–	300,000	300,000	0.09%
Lam King Sun, Frankie	Beneficial owner	–	300,000	300,000	0.09%
Goh Gen Cheung	Beneficial owner	–	300,000	300,000	0.09%

Notes:

- (1) Interests in Shares and underlying Shares stated above represent long positions.
- (2) 107,655,473 Shares were held by Pro Partner Developments Limited (“Pro Partner”), a company wholly owned by Mr. Cheung Wah Keung.
- (3) The interests of the Directors in the underlying Shares represent their interests in the share options granted to them pursuant to the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company has any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are 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 are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTEREST UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company and according to the register of interest kept by the Company under section 336 of the SFO, the parties which had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who were, 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 meeting of any members of the Group were as follows:

Name	Capacity	Number of Shares held ⁽¹⁾	Approximate percentage of the issued Shares
Cheung Wah Keung ⁽²⁾	Beneficial owner and interest of a controlled corporation	111,251,473	34.60%
Chim Pui Chung ⁽³⁾	Interest of a controlled corporation	50,000,000	15.55%
David Michael Webb ⁽⁴⁾	Beneficial owner and interest of a controlled corporation	25,800,000	8.02%

Notes:

- (1) Interests in Shares stated above represent long positions.
- (2) 107,655,473 Shares were held by Pro Partner, a company wholly-owned by Mr. Cheung Wah Keung. By virtue of the SFO, Mr. Cheung Wah Keung is deemed to be interested in all the Shares held by Pro Partner. Together with 3,596,000 Shares personally held, Mr. Cheung Wah Keung is deemed to be interested in 111,251,473 Shares. These Shares have been included in the interest disclosure of Mr. Cheung Wah Keung as set out in the section headed "Disclosure of Interests by Directors" above.
- (3) 50,000,000 Shares were held by Golden Mount Ltd., a company wholly-owned by Mr. Chim Pui Chung. By virtue of the SFO, Mr. Chim Pui Chung is deemed to be interested in all the Shares held by Golden Mount Ltd.
- (4) 19,305,000 Shares were held by Preferable Situation Assets Limited which is wholly-owned by Mr. David Michael Webb. By virtue of the SFO, Mr. David Michael Webb is deemed to be interested in all the Shares held by Preferable Situation Assets Limited. Together with 6,495,000 Shares personally held, Mr. David Michael Webb is deemed to be interested in 25,800,000 Shares.

As at the Latest Practicable Date, save as disclosed above, no person had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were 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 any other member of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses, which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

7. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been since 31 December 2012 (being the date to which the latest published audited financial statements of the Group 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. As at the Latest Practicable Date, other than Mr. Cheung who is deemed to have interest in the Disposal Agreement, the Supply Agreement, the R&D Service Agreement and the transactions contemplated thereunder by reason of his shareholding interests and directorship in the Purchaser, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which would be significant in relation to the business of the Group.

8. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

9. MATERIAL CONTRACT

Save as the Disposal Agreement, details of which are set out in the section headed "The Disposal Agreement" in the Letter from the Board of this circular, there are no other contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years preceding the Latest Practicable Date and are, or may be, material to the Group.

10. QUALIFICATION AND CONSENT OF EXPERTS

The qualification of the experts who have given their opinion or advice contained in this circular is set out as follows:

Name	Qualification
Messis Capital	a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO
Stern Appraisal	Independent professional valuer

As at the Latest Practicable Date, the above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their opinion and reference to their names and opinions in the form and context in which they appear in this circular.

As at the Latest Practicable Date, the above experts did not have any shareholding 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.

As at the Latest Practicable Date, the above experts had no interest in any assets which have been since 31 December 2012 (being the date to which the latest audited financial statements of the Group 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.

11. MISCELLANEOUS

- (a) The principal place of business of the Company in Hong Kong is situated at Unit 1506, 15th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Hong Kong. The registered office of the Company in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The branch share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The secretary of the Company is Mr. Lau Wai Piu Patrick, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (d) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Unit 1506, 15th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Hong Kong during normal business hours on any business day from the date of this circular until the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;

- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 22 to 23 of this circular;
- (c) the letter from Messis Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 24 to 48 of this circular;
- (d) the valuation report regarding the Disposed Group, the text of which is set out in Appendix II to this circular;
- (e) a copy of the Disposal Agreement which is considered a material contract referred to under the paragraph headed “Material contract” in this appendix;
- (f) the written consent from the experts referred to under the paragraph headed “Qualification and consent of expert” in this appendix;
- (g) the annual reports of the Company for the two years ended 31 December 2011 and 31 December 2012; and
- (h) this circular.

NOTICE OF EGM

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



SHINHINT ACOUSTIC LINK HOLDINGS LIMITED 成謙聲匯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Shinhint Acoustic Link Holdings Limited (the “**Company**”) will be held at Chairman’s Place, M/F, Hotel Nikko Hongkong, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 24 January 2014 at 10:00 a.m. to consider and, if thought fit, pass the following resolutions, with or without amendment, as ordinary resolutions:

1. “**THAT:**
 - (A) the conditional sale and purchase agreement dated 18 November 2013 (the “**Disposal Agreement**”) entered into between Shinhint Industries Limited, an indirect wholly-owned subsidiary of the Company, as vendor and Metro Star Investments Limited as purchaser in respect of the sale and purchase of 5,000,000 ordinary shares of HK\$1.00 each, representing the entire issued share capital of Tai Sing Industrial Company Limited (“**TSI**”), an indirect wholly-owned subsidiary of the Company, a copy of which is marked “A” and produced to the meeting and initialled by the chairman of the meeting for the purpose of identification, and the terms of the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
 - (B) any one director of the Company be and is hereby authorised to do all such acts and things (including without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in his opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Disposal Agreement

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and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

2. **“THAT:**

- (A) the supply agreement (the **“Supply Agreement”**) to be entered into between Crown Million Industries (International) Limited, an indirect wholly-owned subsidiary of the Company, as supplier and TSI as purchaser in respect of the supply of speaker units, a copy of which is marked “B” and produced to the meeting and initialled by the chairman of the meeting for the purpose of identification, and the terms of the transactions contemplated thereunder be and are hereby approved;
- (B) the annual cap amounts in relation to the transactions contemplated under the Supply Agreement for the three years ending 31 December 2016 be and are hereby approved; and
- (C) any one director of the Company be and is hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in his opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Supply Agreement and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

3. **“THAT:**

- (A) the service agreement (the **“R&D Service Agreement”**) to be entered into between Shinhint Technology (Shenzhen) Limited (成謙科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, and Dongguan Tai Sing Audio Technology Limited (東莞泰升音響科技有限公司) for the provision of research and development services, a copy of which is marked “C” and produced to the meeting and initialled by the chairman of the meeting for the purpose of identification, and the terms of the transactions contemplated thereunder be and are hereby approved;

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- (B) the annual cap amounts in relation to the transactions contemplated under the R&D Service Agreement for the three years ending 31 December 2016 be and are hereby approved; and
- (C) any one director of the Company be and is hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in his opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the R&D Service Agreement and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

By Order of the Board
Shinhint Acoustic Link Holdings Limited
Cheung Wah Keung
Chairman

Hong Kong, 8 January 2014

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit 1506, 15th Floor
Nanyang Plaza
57 Hung To Road
Kwun Tong
Kowloon
Hong Kong

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Notes:

1. Every shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
2. In the case of a joint holding, any one of such persons may vote at the EGM, either in person or by proxy; but if more than one joint holders are present at the EGM in person or by proxy, the said person whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be delivered to the office of Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from Wednesday, 22 January 2014 to Friday, 24 January 2014 (both days inclusive), during which period no transfer of Shares in the Company will be effected. In order to qualify for attending the EGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 21 January 2014.
6. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 5:00 a.m. and 9:00 a.m. on 24 January 2014, the EGM will not be held on that day. An announcement will be made in such event.
7. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, at the EGM, the chairman of the meeting will exercise his power under Article 66 of the Articles of Association of the Company to put each of the resolutions set out in this notice to be voted by way of poll.

As at the date of this notice, the Company has two Executive Directors, namely Mr. Cheung Wah Keung (Chairman) and Mr. Wong Sau Lik, Weekey Peter and three Independent Non-Executive Directors, namely Mr. Lai Ming, Joseph, Dr. Lam King Sun, Frankie and Mr. Goh Gen Cheung.