

# **FlexSystem Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8050)**

27 January 2012

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
QUAM SECURITIES COMPANY LIMITED  
ON BEHALF OF  
HAPPY ON HOLDINGS LIMITED  
FOR ALL THE ISSUED SHARES IN  
FLEXSYSTEM HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED  
BY HAPPY ON HOLDINGS LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

## **INTRODUCTION**

We refer to the composite offer and response document (the "Composite Document") dated 27 January 2012 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

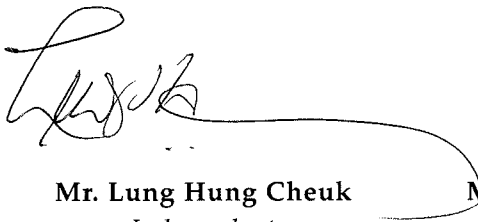
We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance.

Partners Capital has been appointed as the independent financial adviser to the Independent Board Committee to advise us in respect of the terms of the Offer and as to acceptance. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from Partners Capital" on pages 21 to 40 of this Composite Document.

## RECOMMENDATION

Having taken into account the terms of the Offer and the advice of Partners Capital, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and, accordingly, we recommend the Independent Shareholders to accept the Offer.

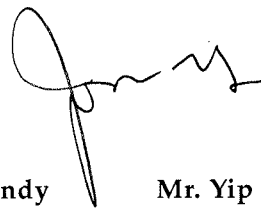
Yours faithfully,  
for and on behalf of the  
Independent Board Committee



**Mr. Lung Hung Cheuk**  
*Independent  
non-executive Director*



**Ms. Yeung Wing Yan, Wendy**  
*Independent  
non-executive Director*



**Mr. Yip Tai Him**  
*Independent  
non-executive Director*