

**Business Times - 22 Nov 2011**

## **Boer Power reiterates attractiveness of its SMB offer**

**By LYNN KAN**

HONG KONG listed Boer Power yesterday reiterated the attractiveness of its unsolicited cash offer of up to \$161.2 million for switchgear manufacturer SMB United.

It dispatched offer documents to SMB United's shareholders yesterday.

Boer's price tag of 32 cents per share represents a 9.2 per cent premium to SMB's net asset value per share of 29.3 cents as at June 30.

Boer Power's chairman and CEO Qian Yixiang said at a media conference that its offer of 32 cents per share was fair.

'We have named a price that is competitive with the valuations at Schneider, a global leader in electrical systems,' said Mr Qian.

Schneider's 12-month trailing price to earnings ratio was 11.07x. Boer's bid, it said, represents 11.5x of SMB's FY2010 earnings.

Mr Qian added the acquisition of SMB United will help Boer Power to expand its global presence beyond Chinese shores as SMB sells into Europe, Australia and Asia.

SMB's building cooling systems and smart meters would also complement Boer's electrical distribution systems products, he noted.

Mr Qian said that SMB's products help develop Boer's strategy to grow its higher profit margin business in intelligent electrical distribution systems solutions.

Boer has already obtained irrevocable undertakings from its controlling shareholder King Able that holds 67 per cent of Boer's

share capital to vote in favour of the acquisition.

Boer's offer is conditional on it obtaining at least 52.5 per cent of SMB's total issued share capital by the closing date, Dec 19.

It plans to delist SMB from the Singapore Exchange's mainboard if the free float falls under 10 per cent.

SMB will dispatch its offeree circular and a letter from its independent financial adviser, Ernst & Young, to its shareholders by Dec 5 at the latest.

The offer for SMB marks Boer's second acquisition attempt this year. In June, it acquired capacitor maker Wuxi Tezhong Electrical Capacitor Co for 62 million yuan (\$12.7 million).

When it launched its IPO in Hong Kong, it stated that 60 per cent of the IPO's net proceeds or HK\$550.7 million would go towards acquisitions to expand its production capability or grow its sales channels.

SMB shares closed trading yesterday at 31.5 cents, up one cent.

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