

VOLUNTARY CONDITIONAL CASH OFFER

by



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

for and on behalf of

PROFIT SEA HOLDINGS LIMITED
(Incorporated in the British Virgin Islands)
(Company Registration No. 1672243)

an indirect wholly-owned subsidiary of



BOER POWER HOLDINGS LIMITED
(Incorporated in the Cayman Islands)
(Company Registration No. HL-237152)

to acquire all the issued and fully paid-up ordinary shares in the capital of

SMB UNITED LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199506364D)

other than those already owned, controlled or agreed to be acquired by

PROFIT SEA HOLDINGS LIMITED

OFFER ANNOUNCEMENT

1 INTRODUCTION

- 1.1 PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") for and on behalf of Profit Sea Holdings Limited (the "**Offeror**"), a wholly-owned indirect subsidiary of Boer Power Holdings Limited ("**Boer**"), wishes to announce that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and fully paid-up ordinary shares (the "**Shares**") in the capital of SMB United Limited (the "**Offeree**"), other than those already owned, controlled or agreed to be acquired by the Offeror.

2 THE OFFER

- 2.1 The Offer will be made in respect of all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**"), in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Singapore Code on Take-overs and Mergers (the "**Code**").

2.2 The Offer will be made on the following basis:

For each Offer Share: S\$0.32 in cash (the “**Offer Price**”).

2.3 The Offer Shares will be acquired:

2.3.1 fully paid;

2.3.2 free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever; and

2.3.3 together with all rights, benefits and entitlements attached thereto as at the date of this Announcement and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Offeree on or after the date of this Announcement.

If any dividend, other distribution or return of capital is declared, made or paid on or after the date of this Announcement, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

2.4 As at the date of this Announcement, based on information available on the Singapore Exchange Limited (“**SGX-ST**”), awards of fully-paid Shares, their equivalent cash value or combinations thereof (“**Awards**”) have been granted pursuant to the Performance Share Plan of the Offeree (the “**Offeree Share Plan**”) such that an aggregate of 23,950,000 Shares may potentially be awarded to participants of the Offeree Share Plan (the “**Existing Awards**”).

The terms of the Offeree Share Plan contemplates the award of fully-paid Shares, their equivalent cash value or combinations thereof. The Awards under the Offeree Share Plan may not necessarily entitle the participant of the Awards to Shares. The terms of the Offeree Share Plan further provide that the Awards are not transferable unless with the prior approval of the committee administering the Offeree Share Plan. Accordingly, the Offer will not be extended to participants of Awards save for Shares which are validly allotted and issued in satisfaction of (and in accordance with the terms of) the Existing Awards.

2.5 **The Offer will be conditional on the following:**

2.5.1 **No Share Issue Condition**

The Offeree does not (a) allot or issue any Shares or (b) grant Awards or (c) issue any instrument convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights in the Offeree (“**Stocks**”) or (d) enter into any agreement or undertaking to do any of the same or cause to be done any act which would have the same effect as allotting or issuing Shares or granting Awards or issuing of Stocks or otherwise have the same effect as diluting the voting rights in the Offeree (collectively known as “**Issued Stock**”), after the date of this Announcement (the “**No Share Issue Condition**”), save that the No Share Issue Condition would not apply to the Existing Awards nor the Shares validly allotted and issued in satisfaction of (and in accordance with the terms of) the Existing Awards.

2.5.2 **Acceptance Condition**

The Offeror having received, by the close of the Offer (the “**Closing Date**”), valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding such number of Shares carrying not less than 52.5% of the voting rights attributable to the issued Shares as at the Closing Date (“**Minimum Acceptance Level**”).

Accordingly, the Offer will not become or be capable of becoming declared to be unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares representing not less than 52.5% of the maximum potential issued share capital of the Offeree (as defined in Rule 28 of the Code).

For the avoidance of doubt, the 23,950,000 Shares which may potentially be issued to participants of the Offeree Share Plan pursuant to Existing Awards, are not to be taken into consideration in calculating the Minimum Acceptance Level save for Shares that have in fact been validly allotted and issued in satisfaction of (and in accordance with the terms of) the Existing Awards as at the date of the relevant declaration.

The Offeror reserves the right to revise the Minimum Acceptance Level during the course of the Offer, provided that the revised offer remains open for another 14 days following the revision and Shareholders who had accepted the initial Offer will be permitted to withdraw their acceptance within eight days of this revision.

2.5.3 **Shareholders' Approval Condition**

The Offeror's holding company, Boer, obtaining the approval of its shareholders at an extraordinary general meeting to be convened to approve the Offer ("**Boer EGM**").

Boer is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**") and is subject to the Rules Governing the Listing of Securities of HKSE ("**HKSE Listing Rules**"). Pursuant to the HKSE Listing Rules, Boer is required to obtain shareholders' approval for the Offer by way of the Boer EGM, as the Offer constitutes a very substantial acquisition ("**VSA**"). CCB International Capital Limited is the financial advisor to Boer in Hong Kong on the VSA.

Boer has already secured irrevocable undertakings from shareholders holding approximately 67% of the issued share capital of Boer (which is higher than the minimum required to secure the requisite approval at the Boer EGM) to vote in favour of the VSA at the Boer EGM.

Accordingly, the convening of the Boer EGM to seek the shareholders' approval would be in practical terms, a procedural step to meet the requirements of the HKSE Listing Rules. It is currently intended that the Boer EGM will be held no later than 45 days after the date of this Announcement.

Boer has made a corresponding announcement on the HKSE today informing its shareholders of the Offer (the "**VSA Announcement**"). A copy of the VSA Announcement can be found at www.hkex.com.hk. A notice to convene the Boer EGM to approve the VSA together with a circular to the shareholders of Boer setting out details of the VSA will be released by Boer on the HKSE in due course.

2.6 Save as provided in Section 2.5 above, the Offer is unconditional in all other respects.

2.7 For the avoidance of doubt, the Offeror's waiver of the No Share Issue Condition with respect to one issuance of Issued Stock, if exercised, is not to be construed to be a waiver of any subsequent issuance, and a waiver of a particular issuance of Issued Stock is without prejudice to the Offeror's right to invoke the No Share Issue Condition with respect to any subsequent issuance.

- 2.8 The Offer will be extended, on the same terms and conditions, to all issued Shares owned, controlled or agreed to be acquired by any party acting or presumed to be acting in concert with the Offeror in connection with the Offer.

3 INFORMATION ON THE OFFEROR AND THE OFFEROR GROUP

- 3.1 The Offeror is an indirect wholly owned subsidiary of Boer. The Offeror was incorporated in the British Virgin Islands and was acquired by Boer, through its wholly-owned subsidiary, Cheer Success Holdings Limited to be the special purpose vehicle of Boer to acquire the Offeree.
- 3.2 As at the date of this Announcement, the directors of the Offeror are Qian Yixiang and Jia Lingxia, who are also directors of Boer.
- 3.3 The Offeror has not conducted any business activities prior to its acquisition by Cheer Success Holdings Limited.
- 3.4 Boer is incorporated as a limited liability company in the Cayman Islands and has been listed on the main board of the HKSE since 20 October 2010.
- 3.5 As at the date of this Announcement, the directors of Boer are Qian Yixiang, Jia Lingxia, Zha Saibin, Qian Zhongming, Yeung Chi Tat, Tang Jianrong and Zhao Jianfeng. As at the date of this Announcement, King Able Limited is the controlling shareholder of Boer, owning approximately 67% of issued share capital of Boer. King Able Limited is owned equally by Qian Yixiang and Jia Lingxia.
- 3.6 Boer and its 13 subsidiaries (the “**Offeror Group**”) are a leading one stop designer, manufacturer and seller of high quality integrated electrical distribution systems and solutions in the People’s Republic of China (the “**PRC**”) with over 20 years of industry experience. Boer is the largest pure-domestic electrical distribution systems and solutions provider in the high-end segment of the electrical distribution equipment market in the PRC.
- 3.7 As at 28 October 2011, being the last full day of trading in the shares of Boer on the HKSE, Boer has a market capitalisation of HK\$1,972,231,260 (approximately equivalent to S\$315,557,002¹). The audited consolidated net asset value (“**NAV**”) of the Offeror Group as at 31 December 2010 and the unaudited NAV of the Offeror Group as at 30 June 2011 was RMB1,366,357,000 (approximately equivalent to S\$266,866,602²) and RMB1,410,375,000 (approximately equivalent to S\$275,463,867³) respectively. The unaudited consolidated turnover of the Offeror Group for the six months ended 30 June 2011 was RMB361,955,000 (approximately equivalent to S\$70,694,336⁴). Further information on the Offeror Group is available on its website at www.boerpower.com/english/.

¹ Calculated at the prevailing exchange rate on 28 October 2011, being S\$ 1: HK\$ 6.25, based on data extracted from Bloomberg.

² Calculated at the prevailing exchange rate on 28 October 2011, being S\$ 1: RMB 5.12, based on data extracted from Bloomberg.

³ Calculated at the prevailing exchange rate on 28 October 2011, being S\$ 1: RMB 5.12, based on data extracted from Bloomberg.

⁴ Calculated at the prevailing exchange rate on 28 October 2011, being S\$ 1: RMB 5.12, based on data extracted from Bloomberg.

4 INFORMATION ON THE OFFEREE

- 4.1 Based on the business profile search extracted from the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”)⁵ and the SGX-ST, the Offeree was incorporated in Singapore on 7 September 1995 and was listed on the Main Board of the SGX-ST on 23 September 1996.
- 4.2 Based on the annual report of the Offeree for the financial year ended 31 December 2010, the principal activity of the Offeree and its subsidiaries (the “**Offeree Group**”) is the manufacture and distribution of switchgears, EDM electronic revenue meters and its own Rudolf™ brand of controllers, instrumentation and power quality systems.
- 4.3 As at the date hereof, based on the Bizfile Search, the Offeree’s issued and paid-up share capital comprises 479,751,999 Shares and there are no Shares held in treasury.

5 REASONS AND BENEFITS OF THE OFFER FROM THE PERSPECTIVE OF BOER

- 5.1 An extract of the views of the directors of Boer addressed to the shareholders of Boer and its potential investors with regards to the reasons and benefits of the Offer from the perspective of Boer from the VSA Announcement is replicated in Appendix 1 annexed hereto. The VSA Announcement can be found at www.hkex.com.hk.

6 FUTURE PLANS FOR THE OFFEREE

- 6.1 Following the close of the Offer, the Offeror intends to undertake a comprehensive review of the organisation, businesses and operations of the Offeree Group (the “**Review**”).
- 6.2 Save as disclosed and subject to the Review, the Offeror currently has no plans for any significant changes to the primary business of the Offeree Group. Plans with respect to the deployment of the Offeree Group’s fixed assets will be subject to the Review. However, based on currently available public information, no material changes are envisaged.
- 6.3 Save as disclosed and subject to the Review, the Offeror currently has no plans with regard to the continued employment of the employees of the Offeree Group. The Offeror recognises that the employees of the Offeree Group have contributed significantly to the success of the Offeree Group and believes that they will remain a key asset to the future development of the combined Offeror Group and Offeree Group (the “**Enlarged Group**”). The Offeror currently intends to leverage on the strengths and expertise of the current team of key executives in the Offeree Group to implement the Enlarged Groups’ overseas business plans.
- 6.4 The Offeror will review the opportunities available to the Offeree Group for its future development after the successful close of the Offer. The course chosen will be influenced by the outcome of this Offer. The future development may result in any of a number of outcomes, including but not limited to, integration with other activities of the Offeror Group.
- 6.5 The Offeror is of the view that integration of the business and management culture within the Enlarged Group may be challenging and if not implemented effectively and efficiently may have an adverse impact on shareholder value of the Offeree.
- 6.6 The Offeror reserves the right to review and alter its plans as aforesaid in response to any changes in the business environment in which the Enlarged Group operates.

Having considered the historical performance and trading volume of the shares of the Offeree over the course of the last five years, the Offeror believes the Offer Price represents a good opportunity for shareholders of the Offeree (“Shareholders”) to cash out at a premium as detailed in Section 7 of this Announcement.

⁵ As reflected in the Bizfile search dated 28 October 2011 extracted from ACRA (“**BizFile Search**”).

7 FINANCIAL EVALUATION OF THE OFFER

7.1 The information below relating to certain financial aspects of the Offer has been based on data extracted from Bloomberg.⁶

7.2 The Offeror is launching this Offer at a premium over the historical traded prices of the Shares and the NAV of the Offeree, as highlighted in Sections 7.3 and 7.4 below. The Offeror strongly believes that the Offer reflects the value of the business of the Offeree and represents an attractive proposition to Shareholders to realise their entire investment in the Offer Shares for cash.

7.3 Market Price Comparisons

The Offer Price of S\$0.32 for each Offer Share represents:

7.3.1 a premium of approximately 16.4% over the last transacted price per Share on the SGX-ST of S\$0.275 on 28 October 2011, being the last full day trading in the Shares prior to the date of this Announcement (the "**Last Trading Day**");

7.3.2 a premium of approximately 16.8% over the volume weighted average price on the SGX-ST ("**VWAP**") of S\$0.274 for the 1-month period prior to the Last Trading Day;

7.3.3 a premium of approximately 21.7% over the VWAP of S\$0.263 for the 3-month period prior to the Last Trading Day;

7.3.4 a premium of approximately 23.1% over the VWAP of S\$0.260 for the 6-month period prior to the Last Trading Day; and

7.3.5 a premium of approximately 28.0% over the VWAP of S\$0.250 for the 12-month period prior to the Last Trading Day.

7.4 Net Asset Value per Share Comparison

The Offer Price represents a premium of approximately 9.2% to the NAV per Share of S\$0.293 as at 30 June 2011.

7.5 Trading Liquidity

The trading volume of the Shares has been low, with an average daily trading volume of approximately 2,798,773 Shares, 1,395,234 Shares, 808,622 Shares and 756,190 Shares during the one-month period, three-month period, six-month period and 12-month period respectively up to 28 October 2011, being the Last Trading Day. This represents only approximately 0.58%, 0.29%, 0.17% and 0.16% of the total number of issued Shares (excluding any Shares held in treasury) respectively. Hence, the Offer represents a unique cash exit opportunity for Shareholders to realise their entire investment at a premium over the market prices of the Offer Shares prior to the Last Trading Day, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

7.6 Comparison of Offer Price to historical prices over the past five years

The price per Share on the SGX-ST (at the close of trading on the relevant day) over the five year period from 29 October 2006 to the Last Trading Day has only closed higher than the Offer Price on 53 trading days. The average daily turnover of the Shares during the five year period was approximately 1,528,103 Shares.

⁶ Bloomberg has not consented to the inclusion of the prices, trading volumes and exchange rates quoted in this Announcement and is thereby not liable for such information under Sections 253 and 254 of the SFA. The Offeror has included the above information in their proper form and context in this Announcement and has not verified the accuracy of these statements.

8 DISCLOSURES ON SHAREHOLDINGS AND DEALINGS

- 8.1 As at the date of this Announcement and based on the latest information available to the Offeror, neither the Offeror, its directors nor any of the parties acting in concert with them owns, controls or has agreed to acquire any Shares or securities which carry voting rights in the Offeree or are convertible into Shares or securities which carry voting rights in the Offeree, or rights to subscribe for, or options in respect of, such Shares or securities (the “**Offeree Securities**”).
- 8.2 Neither the Offeror, its directors nor any of the parties acting in concert with them has received any irrevocable commitment from any holder of the Offeree Securities to accept or reject the Offer as at the date of this Announcement.
- 8.3 As at the date of this Announcement, neither the Offeror, its directors nor any of the parties acting in concert with them has dealt for value in any of the Offeree Securities during the three month period immediately preceding the date of this Announcement.

9 CONFIRMATION OF FINANCIAL RESOURCES

- 9.1 As stated in the VSA Announcement, the cash consideration for the Offer will be financed by part of the funds raised from the initial public offering of Boer in October 2010 of approximately HK\$510,000,000 (approximately equivalent to S\$81,600,000⁷) and the remaining HK\$497,403,998 (approximately equivalent to S\$79,584,640⁸) by existing bank loan facilities extended to the Offeror Group.
- 9.2 PPCF, the financial adviser to the Offeror in respect of the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

10 COMPULSORY ACQUISITION

- 10.1 The Offeror intends to exercise any rights of compulsory acquisition that it may have in connection with the Offer. Pursuant to Section 215(1) of the Companies Act (Cap. 50)(the “**Companies Act**”), if the Offeror acquires (or is deemed to have acquired, pursuant to Section 215(11) of the Companies Act) not less than 90% of the total issued Shares (other than those Shares already held at the date of the Offer by the Offeror, its related companies and their respective nominees and Shares held in treasury), the Offeror would have the right to compulsorily acquire all the Shares not acquired by the Offeror pursuant to the Offer. In such event, the Offeror intends to exercise any rights of compulsory acquisition the Offeror may have in connection with the Offer.
- 10.2 Shareholders who have not accepted the Offer have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror or its nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding Shares held in treasury). Shareholders who have not accepted the Offer and who wish to exercise such right are advised to seek their own independent advice.

⁷ Calculated at the prevailing exchange rate on 28 October 2011, being 1 S\$: HK\$ 6.25, based on data extracted from Bloomberg.

⁸ Calculated at the prevailing exchange rate on 28 October 2011, being 1 S\$: HK\$ 6.25, based on data extracted from Bloomberg.

11 LISTING STATUS

- 11.1 Pursuant to Rule 1105 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time as it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public.
- 11.2 In addition, under Rule 724 of the Listing Manual, if the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands falls below 10%, the Offeree must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 725 of the Listing Manual states that the SGX-ST may allow the Offeree a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Offeree may be delisted from the SGX-ST.
- 11.3 Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.
- 11.4 In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to undertake or support any action for any such listing suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Offeree and to delist the Offeree from the Official List of the SGX-ST, should the option be available to the Offeror.

12 OFFER DOCUMENT

- 12.1 The formal offer document (the "**Offer Document**"), setting out the terms and conditions of the Offer and enclosing the appropriate form(s) of acceptance of the Offer will be despatched to holders of Offer Shares not earlier than 14 days and not later than 21 days from the date of this Announcement.

13 OVERSEAS SHAREHOLDERS

- 13.1 The Offer will be made pursuant to the Offer Document and the form(s) of acceptance accompanying the Offer Document. The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the register of members of the Offeree or in the records of The Central Depository (Pte) Limited (as the case may be) (an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements. Further details in relation to Overseas Shareholders will be set out in the Offer Document.
- 13.2 Where there are potential restrictions on sending the Offer Document and the appropriate form(s) of acceptance to any overseas jurisdiction, the Offeror and PPCF each reserves the right not to send the Offer Document and the appropriate form(s) of acceptance to such overseas jurisdictions. Any affected Overseas Shareholder may, nonetheless, obtain a copy of the Offer Document and the appropriate form(s) of acceptance from the office of the Offeree's share registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write to the Offeree's share registrar at the above-mentioned address requesting that the Offer Document and the appropriate form(s) of acceptance be sent to an address in Singapore by ordinary post at his own risk.

14 RESPONSIBILITY STATEMENT

- 14.1 The directors of the Offeror and Boer (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted, and they jointly and severally accept responsibility accordingly.
- 14.2 Where any information has been extracted from published or publicly available sources (including, without limitation, information in relation to the Offeree Group), the sole responsibility of the directors of the Offeror and Boer has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

Issued by

PrimePartners Corporate Finance Pte. Ltd.

For and on behalf of

Profit Sea Holdings Limited

31 October 2011

Singapore

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror, Boer nor PPCF undertakes any obligation to update publicly or revise any forward-looking statements.

Appendix 1 – Extract from the VSA Announcement

“REASONS AND BENEFITS OF THE OFFER

The PRC is one of the largest electricity consumers in the world. The Directors believe that the growth and market drive of the electricity market in the PRC is mainly attributable to the increase of investment in fixed assets in the PRC and the constant increase of power consumption in the PRC.

The Group’s integrated electrical distribution systems and solutions are important for the development of any smart grid network which provides for the efficient distribution of electricity. According to the PRC’s “Twelfth Five-year Plan”, smart grid has been designated to be a key area of development in the new energy industry in the PRC and the PRC aims to establish a strong smart grid network by 2015. The Company noticed a similar trend worldwide as many developed countries, such as members of the European Union, the United States and Japan, are also making considerable investments in smart grid technology to establish full coverage of the smart grid network in those countries. The Directors believe that smart grid network will become the development trend in the electricity market both domestically and internationally. While continuing to focus on the development of the domestic market in the PRC, which the Directors believe will continue to drive the greater part of the future growth of the Company’s business, the Company also intends to identify potential acquisition opportunities that can also increase its global market presence, its product offerings and enhance overall competitiveness.

Under the “Future Plans and Use of Proceeds” section of the Prospectus, it was stated that the Company intended to apply approximately 60% of net proceeds (equivalent to approximately HK\$550.7 million) received by the Company in its initial public offering for potential acquisitions of companies in the electrical distribution business for the purpose of expanding its upstream component production capability or downstream sales channel and market segment in the PRC. Since the Listing, the Company has been in active search for strategic acquisition opportunities globally and has since identified the Offeree as an appropriate acquisition target for the Company. The Group came to know of the Offeree Group during 2008 when it was searching for potential international partners, and has over the years tracked the development of the Offeree Group with interest. The principal activity of the Offeree Group is in the manufacture and distribution of switchgears, EDM electronic revenue meters and its own Rudolf™ brand of controllers, instrumentation and power quality systems.

The Directors believe the Acquisition (and consequently the Offer) will not only bring immediate benefit in terms of increase in revenue and profits to the Group but will also be beneficial to the Enlarged Group through synergies with the Offeree Group in the areas as set out below:

(1) Expanding sales channels overseas

The Group currently mainly offers its integrated electrical distribution systems and solutions in the PRC whereas the Offeree has established sales channels to customers in Europe, Australia as well as in Asia. The Acquisition can facilitate the Company’s expansion into the overseas markets and in turn help increase the sales of its one-stop integrated electrical distribution systems and solutions.

(2) Increasing product offerings

Following a successful close of the Offer, the business of the Offeree Group will be repositioned and repackaged as an international brand. By leveraging on the Offeree’s experience in serving customers that operates in the business of offshore oil platforms, offshore oil and natural gas industries, manufacturing factories for solar wafers and semiconductor wafers, biotechnology laboratories and pharmacy laboratories, the Group can further enhance its market share in the PRC. The Offeree’s EDM electronic revenue meters will bring a new product series to the Group whereas the Offeree’s building automation and

control systems and power quality systems will also further enhance the overall competitive strengths of the Group's existing energy-saving systems.

(3) Enhancing operation efficiency

The Directors believe the Acquisition could enhance the production and research facilities of the Enlarged Group, which would in turn help lower the operations costs and improve the profit margin of the Enlarged Group. With new production plants and implementation of the Group's production expansion plan, the Group is equipped with an annual production capacity capable of producing electrical distribution systems worth up to RMB3 billion. This ensures that the Enlarged Group will have sufficient production capacity to produce the Offeree's smart meters following the completion of the Acquisition. The Directors also believe that the Enlarged Group could further enhance its operation efficiency by utilising the generally lower production costs in the PRC to satisfy the demands of the Offeree's overseas customers.

(4) Enhancing research capabilities

Following the completion of the Acquisition, the Enlarged Group can further enhance its research and product development capabilities by combining the Group's existing know-how with the Offeree Group's experience in developing products for overseas customers. In addition, the existing intellectual property rights owned by the Offeree Group can be further utilised.

(5) Increasing attractiveness to overseas talents

The Offeree Group is an established company with a long operation history. The Offeree Group's existing talents will add depth and expertise to the Group's workforce. The Directors further believe that the Acquisition will enable the Company to expand its scale and enhance its overall competitiveness, which will in turn help attract more talented professionals to join the Enlarged Group."

The following terms used in the extract above have been defined in the VSA Announcement as follows:

“Acquisition”	the acquisition of the Offer Shares pursuant to the Offer and the Compulsory Acquisition
“Board”	the board of Directors of the Company
“Company”	Boer Power Holdings Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“Compulsory Acquisition”	the compulsory acquisition of the Offeree Shares as mentioned in the section headed “Compulsory acquisition” of the VSA Announcement, which may be undertaken by the Offeror as described in such section
“Directors”	the directors of the Company
“Enlarged Group”	the Group and the Offeree Group
“Group”	the Company and its subsidiaries
“Listing”	the Listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited
“Offer”	the voluntary conditional cash offer to be made by the Offeror in respect of the Offer Shares for a consideration of S\$0.32 (equivalent to approximately HK\$2.0) in cash for each Offer Share held
“Offeror”	Profit Sea Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Offeree”	SMB United Limited, a company incorporated in Singapore under company number 199506364D, the Offeree Shares of which are listed on the Main Board of SGX
“Offer Share(s)”	all the Offeree Shares other than those already owned, controlled or agreed to be acquired by the Offeror and an Offer Share refers to any one of the Offer Shares

“Offeree Group”	the Offeree and its subsidiaries
“PRC”	the People’s Republic of China and, except where the context requires, reference in this announcement to the PRC do not apply to Taiwan region or Hong Kong Special Administrative Region or Macau Special Administrative Region of the PRC
“Prospectus”	the prospectus of the Company dated 7 October 2010 in relation to the global offering of its Shares
“SGX”	Singapore Exchange Limited (trading as the Singapore Exchange (SGX))
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares