

**OFFER DOCUMENT DATED 21 NOVEMBER 2011**

**THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt about this Offer (as defined herein) or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately. PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") is acting for and on behalf of Profit Sea Holdings Limited ("**Offeror**") and does not purport to advise the shareholders ("**Shareholders**") of SMB United Limited ("**Offeree**"). In preparing its letter to Shareholders on behalf of the Offeror, PPCF has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any Shareholder.

If, prior to receiving this Offer Document, you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Offeree ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Offer Document and the Form of Acceptance and Authorisation ("**FAA**") to the purchaser or transferee as arrangements will be made by CDP for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately hand this Offer Document and the Form of Acceptance and Transfer ("**FAT**") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

## **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**

**Acceptances should be received by the close of the Offer at 5.30 p.m. on 19 December 2011 (the "Closing Date") or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

The procedures for acceptance are set out in Appendix II of this Offer Document and in the FAA and/or FAT.

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document, the FAA and the FAT:–

<b>“Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Awards”</b>	:	Awards of fully-paid Shares, their equivalent cash value or combinations thereof granted pursuant to the Offeree Share Plan
<b>“BizFile Search”</b>	:	The BizFile Search conducted on the Latest Practicable Date extracted from ACRA
<b>“Boer”</b>	:	Boer Power Holdings Limited
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Closing Date”</b>	:	5.30 p.m. on 19 December 2011 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Concert Party”</b>	:	Parties acting in concert with the Offeror in connection with the Offer
<b>“Consideration Shares”</b>	:	The 9,400,000 Shares in aggregate, which may potentially be validly allotted and issued pursuant to (and in accordance with the terms of) the S&P Agreement
<b>“CPF”</b>	:	Central Provident Fund
<b>“CPF Agent Bank”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“Directors”</b>	:	The directors of the Offeror as at the Latest Practicable Date
<b>“Enlarged Group”</b>	:	The Offeror Group as enlarged by the consolidation of the Offeree Group after the successful close of the Offer
<b>“Existing Awards”</b>	:	Awards granted on 3 October 2011 and 28 October 2011 by the Offeree under the Offeree Share Plan which may translate into an aggregate of 23,950,000 Shares
<b>“FAA”</b>	:	Form of Acceptance and Authorisation, applicable to Shareholders whose Offer Shares are deposited with CDP, which forms part of this Offer Document

<b>“FAT”</b>	:	Form of Acceptance and Transfer, applicable to Shareholders whose Offer Shares are registered in their own name in the Register of Members of the Offeree, which forms part of this Offer Document
<b>“First Closing Date”</b>	:	5.30 p.m. on 19 December 2011
<b>“FY”</b>	:	Financial year ended 31 December
<b>“HKSE”</b>	:	The Stock Exchange of Hong Kong Limited
<b>“HKSE Listing Rules”</b>	:	Rules Governing the Listing of Securities on the HKSE
<b>“Last Trading Day”</b>	:	28 October 2011, the last Market Day prior to the Offer Announcement Date
<b>“Latest Practicable Date”</b>	:	14 November 2011, being the latest practicable date prior to the printing of this Offer Document
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“NAV”</b>	:	Net asset value
<b>“Offer”</b>	:	The voluntary conditional cash offer by PPCF, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT, as may be amended, extended or revised from time to time by or on behalf of the Offeror
<b>“Offer Announcement”</b>	:	Announcement of the Offer released by PPCF in Singapore, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	:	31 October 2011, being the date of the Offer Announcement
<b>“Offer Document”</b>	:	This document dated 21 November 2011 and any other document which may be issued for and on behalf of the Offeror, in respect of the Offer, including the FAA and the FAT
<b>“Offer Period”</b>	:	The period from the Offer Announcement Date until the date the Offer is declared to have closed or lapsed
<b>“Offer Price”</b>	:	S\$0.32 in cash for each Offer Share
<b>“Offer Shares”</b>	:	All Shares to which the Offer relates as more particularly described in paragraphs 2.1 and 2.3 of the Letter to Shareholders
<b>“Offeree”</b>	:	SMB United Limited
<b>“Offeree Group”</b>	:	Offeree and its subsidiaries
<b>“Offeree Share Plan”</b>	:	The Performance Share Plan of the Offeree whose the rules on (and the terms and conditions of) the same are set out in the circular to the shareholders of the Offeree dated 6 April 2009

<b>“Offeror”</b>	:	Profit Sea Holdings Limited
<b>“Offeror Group”</b>	:	Boer and its subsidiaries (as defined in accordance with the HKSE Listing Rules), including the Offeror
<b>“PPCF”</b>	:	PrimePartners Corporate Finance Pte. Ltd.
<b>“PRC”</b>	:	People’s Republic of China
<b>“Reference Period”</b>	:	The period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date
<b>“RMB”</b>	:	The official currency of the PRC
<b>“S&amp;P Agreement”</b>	:	The sale and purchase agreement for the acquisition of 440,400 ordinary shares in the issued share capital of Quantum Automation Pte. Ltd. by the Offeree, announced by the board of directors of the Offeree on 31 October 2011 as having been entered into on 28 October 2011
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	The holders of the Offer Shares, including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST and the Shares have been deposited in the “Free Balance” of their Securities Account
<b>“Shares”</b>	:	Issued and paid up ordinary shares in the capital of the Offeree
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“VWAP”</b>	:	Volume weighted average price
<b>“HK\$”</b>	:	The official currency of Hong Kong
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“US\$”</b>	:	The official currency of the United States of America
<b>“%”</b>	:	Percentum or percentage

The term **“acting in concert”** shall have the meaning ascribed to it in the Code.

The term **“related corporation”** shall have the meaning ascribed to it in Section 6 of the Act.

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

References to **“you”**, **“your”** and **“yours”** in this Offer Document are to the Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Act, the Listing Manual or the Code or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to it under the Act, the Listing Manual or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of the day and date in this Offer Document shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in figures included in this Offer Document between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be an arithmetic aggregation of the figures that precede them.

Any reference to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by PPCF or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

References in this Offer Document to the total number of Shares in issue are based on 479,751,999 Shares in issue as at the Latest Practicable Date (based on the BizFile Search), unless otherwise stated.

Bloomberg has not consented to the inclusion of the prices, trading volumes and exchange rates quoted in this Offer Document 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 Offer Document and has not verified the accuracy of such information.

All statements other than statements of historical facts included in this Offer Document are or may be forward looking statements. Forward-looking statements include but are not limited to those using words such as “intend”, “project”, “plan”, “potential”, “strategy”, “forecast” and similar expressions or verbs such as “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect the Offeror and Boer’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 from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Offeror, Boer nor any of their directors nor PPCF undertake any obligation to update publicly or revise any forward-looking statements.



**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200207389D)

20 Cecil Street, Equity Plaza #21-02  
Singapore 049705

21 November 2011

To: **The Shareholders of SMB United Limited**

Dear Sir/Madam

**VOLUNTARY CONDITIONAL CASH OFFER BY PPCF, FOR AND ON BEHALF OF THE OFFEROR,  
FOR THE OFFER SHARES**

**1 INTRODUCTION**

- 1.1 On 31 October 2011, PPCF announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for the Offer Shares.
- 1.2 A copy of the Offer Announcement is available on the website of SGX-ST at [www.sgx.com](http://www.sgx.com).
- 1.3 This Offer Document contains the formal offer by PPCF, for and on behalf of the Offeror, to acquire all the Offer Shares subject to the terms and conditions set out in this Offer Document. We urge you to read this document carefully and properly consider this Offer.

**2 THE OFFER**

- 2.1 For and on behalf of the Offeror, PPCF hereby offers to acquire all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**") on the terms and subject to conditions set out in this Offer Document and in accordance with Section 139 of the SFA and the Code.

**2.2 Consideration**

***FOR EACH OFFER SHARE: S\$0.32 IN CASH***

- 2.3 The Offer is extended to:

- 2.3.1 all the Shares in issue, including any Shares owned, controlled or agreed to be acquired by any party acting or presumed to be acting in concert with the Offeror;
- 2.3.2 any of the 23,950,000 new Shares validly allotted and issued in satisfaction of (and in accordance with the terms of) the Existing Awards; and
- 2.3.3 any of the 9,400,000 new Shares validly allotted and issued pursuant to (and in accordance with the terms of) the S&P Agreement,

and for the purposes of the Offer, the expression "**Offer Shares**" shall include such new Shares as referred to in paragraphs 2.3.2 and 2.3.3 above.

## 2.4 No Encumbrances

The Offer Shares will be acquired:

- 2.4.1 fully paid;
- 2.4.2 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
- 2.4.3 together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date 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 Offer Announcement Date.

## 2.5 Adjustment for Dividends, Other Distribution or Return of Capital

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividend, other distribution or return of capital that may be declared, made or paid by the Offeree on the Offer Shares (the “**Offeree Distribution**”) on or after the Offer Announcement Date. **In the event any Offeree Distribution has been paid by the Offeree to a Shareholder who accepts the Offer, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by an amount which is equal to the net amount of such Offeree Distribution (being the gross Offeree Distribution less the applicable Singapore income tax) declared, made or paid by the Offeree on or after the Offer Announcement Date:**

- 2.5.1 if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the books closure date for the determination of entitlements to the Offeree Distribution (“**Books Closure Date**”), the Offeror will pay the relevant accepting Shareholders the Offer Price in cash for each Offer Share, as the Offeror will receive the Offeree Distribution in respect of those Offer Shares from the Offeree; and
- 2.5.2 if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the Books Closure Date, the net amount of the Offeree Distribution in respect of such Offer Shares will be deducted from the Offer Price payable for such Offer Shares, as the Offeror will not receive the Offeree Distribution in respect of those Offer Shares from the Offeree.

## 2.6 Conditions of the Offer

The Offer is conditional on the following:

### 2.6.1 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 Offer Announcement Date (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.

### 2.6.2 **Acceptance Condition**

The Offeror having received, by 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, (a) 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 relevant 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; and (b) the 9,400,000 Shares which may potentially be issued to the Vendors (as defined in paragraph 2.8 below) are not to be taken into consideration in calculating the Minimum Acceptance Level save for the relevant Shares that have in fact been validly allotted and issued pursuant to (and in accordance with the terms of) the S&P Agreement 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.

### 2.6.3 **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 HKSE and is subject to the 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 its controlling shareholder, King Able Limited, 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 on or before 15 December 2011.**

Boer has made a corresponding announcement to the Offer Announcement on the HKSE on 31 October 2011 informing its shareholders of the Offer (the “**VSA Announcement**”). A notice to convene the Boer EGM to approve the VSA together with a circular to the shareholders of Boer (the “**VSA Circular**”) setting out details of the VSA would be released by Boer on the HKSE today. A copy of the VSA Announcement and the VSA Circular can be found at [www.hkex.com.hk](http://www.hkex.com.hk).

**2.7 Save as provided in paragraph 2.6 above, the Offer is unconditional in all other respects.**

2.8 On 31 October 2011, some time after the Offeror released the Offer Announcement, the board of directors of the Offeree announced on the SGX-ST that the Offeree had on 28 October 2011, entered into the S&P Agreement with each of (a) Ko Sui Hung (b) Roberto Gatbonton De Jesus (c) Chua Yiat Hin (d) Lim Chin Keong (e) Ng Cheng Leng and (f) Lee Boon Hwa as vendors, (collectively, the “**Vendors**”) pursuant to which the Offeree will acquire from the Vendors 440,400 ordinary shares in the issued share capital of Quantum Automation Pte. Ltd. (the “**Sale Shares**”) (the “**Quantum Automation Acquisition Announcement**”). According to the Quantum Automation Acquisition Announcement, the Sale Shares represent 48% of the issued and paid-up capital of Quantum Automation Pte. Ltd. (an existing subsidiary of the Offeree), as at the date of the S&P Agreement. The Quantum Automation Acquisition Announcement states that the consideration for the Sale Shares amounted to S\$2,476,900 which will be fully satisfied by an allotment and issue of the 9,400,000 Shares. Based on the BizFile Search and on the confirmation provided by the Offeree pursuant to Rule 8.7 of the Code, as at the Latest Practicable Date, none of the Consideration Shares have yet been allotted or issued.

**2.9 The Offeror will not be invoking the No Share Issue Condition solely in respect of (and without prejudice to paragraph 2.10 below) the 9,400,000 Shares to be validly allotted and issued pursuant to (and in accordance with the terms of) the S&P Agreement, if any.**

2.10 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.

**2.11 Warranty**

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share in respect of which the Offer is accepted is sold by the accepting Shareholder, as or on behalf of the beneficial owner, fully paid and 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 together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date 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 Offer Announcement Date.

**2.12 Additional Details of the Offer**

Appendix I of this Offer Document sets out additional details on the Offer, namely (a) the duration of the Offer (b) the settlement of the consideration of the Offer (c) the requirements relating to the announcement of the level of acceptances of the Offer and (d) the right of withdrawal of acceptances of the Offer.

## 2.13 Procedures for Acceptance

Appendix II of this Offer Document and the FAA and/or FAT sets out the procedures for acceptance of the Offer.

## 3 OPTIONS AND AWARDS

### 3.1 Share Options

Based on information available on the SGX-ST and on the confirmation provided by the Offeree pursuant to Rule 8.7 of the Code, as at the Latest Practicable Date, there are no outstanding share options which have been granted by the Offeree.

### 3.2 Share Awards

Based on information available on the SGX-ST as at the Latest Practicable Date, the Offeree has 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.

### 3.3 Consideration Shares

The Offer will not be extended to the Vendors in respect of the Consideration Shares, save for any such Shares which are validly allotted and issued pursuant to (and in accordance with the terms of) the S&P Agreement.

## 4 INFORMATION ON THE OFFEROR AND THE OFFEROR GROUP

4.1 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.

4.2 The Offeror has not conducted any business activities prior to its acquisition by Cheer Success Holdings Limited.

4.3 As at the Latest Practicable Date, the directors of the Offeror are Qian Yixiang and Jia Lingxia, who are also directors of Boer.

4.4 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.

4.5 As at the Latest Practicable Date, the directors of Boer are Qian Yixiang, Jia Lingxia, Zha Saibin, Qian Zhongming, Huang Liang, Zhang Huaqiao, Yeung Chi Tat, Tang Jianrong and Zhao Jianfeng. As at the Latest Practicable Date, King Able Limited is the controlling shareholder of Boer, owning approximately 67% of issued share capital of Boer. As at the Latest Practicable Date, King Able Limited is owned equally by Qian Yixiang and Jia Lingxia.

4.6 The Offeror Group is a leading one stop designer, manufacturer and seller of high quality integrated electrical distribution systems and solutions in 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.

- 4.7 As at the Latest Practicable Date, Boer has a market capitalisation of HK\$2,057,642,850 (approximately equivalent to S\$339,701,983<sup>1</sup>). The audited consolidated 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\$276,087,492<sup>2</sup>) and RMB1,410,375,000 (approximately equivalent to S\$284,981,815<sup>2</sup>) respectively. The unaudited consolidated turnover and net profit of the Offeror Group for the six months ended 30 June 2011 was RMB361,955,000 (approximately equivalent to S\$73,136,997<sup>2</sup>) and RMB104,226,000 (approximately equivalent to S\$21,060,012<sup>2</sup>) respectively. Further information on the Offeror Group is available on its website at [www.boerpower.com/english/](http://www.boerpower.com/english/).
- 4.8 Additional information on the Offeror, Boer and the Offeror Group have been furnished in Appendix III and Appendix IV of this Offer Document.

## **5 INFORMATION ON THE OFFEREE**

- 5.1 Based on the BizFile Search 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.
- 5.2 Based on the annual report of the Offeree for the financial year ended 31 December 2010, the principal activity of the Offeree Group is the manufacture and distribution of switchgears, EDMI electronic revenue meters and its own Rudolf™ brand of controllers, instrumentation and power quality systems.
- 5.3 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.
- 5.4 Additional information on the Offeree have been furnished in Appendix V of this Offer Document.

## **6 REASONS AND BENEFITS OF THE OFFER FROM THE PERSPECTIVE OF BOER**

- 6.1 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 can be found in the VSA Announcement and the VSA Circular. The VSA Announcement and the VSA Circular can be found at [www.hkex.com.hk](http://www.hkex.com.hk).

## **7 FUTURE PLANS FOR THE OFFEREE**

- 7.1 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").
- 7.2 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.

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<sup>1</sup> Calculated at the prevailing exchange rate on the Latest Practicable Date, being S\$1: HK\$6.0572 based on data extracted from Bloomberg.

<sup>2</sup> Calculated at the prevailing exchange rate on the Latest Practicable Date, being S\$1: RMB4.949 based on data extracted from Bloomberg.

- 7.3 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 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.
- 7.4 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.
- 7.5 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.
- 7.6 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.

## **8 FINANCIAL EVALUATION OF THE OFFER**

- 8.1 The information below relating to certain financial aspects of the Offer has been based on data extracted from Bloomberg.
- 8.2 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 paragraphs 8.3 and 8.7 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.

### **8.3 Market Price Comparisons**

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

- 8.3.1 a premium of approximately 16.4% over the last transacted price per Share on the SGX-ST of S\$0.275 on the Last Trading Day;
- 8.3.2 a premium of approximately 16.8% over the VWAP on the SGX-ST of S\$0.274 for the one-month period prior to the Last Trading Day;
- 8.3.3 a premium of approximately 21.7% over the VWAP of S\$0.263 for the three-month period prior to the Last Trading Day;
- 8.3.4 a premium of approximately 23.1% over the VWAP of S\$0.260 for the six-month period prior to the Last Trading Day;
- 8.3.5 a premium of approximately 28.0% over the VWAP of S\$0.250 for the 12-month period prior to the Last Trading Day; and
- 8.3.6 a premium of approximately 1.6% to S\$0.315, the last transacted price of the Shares on the SGX-ST on the Latest Practicable Date.

**As the Shares have been trading at a higher price since the Offer Announcement Date, there is no assurance that the market price of the Shares will be maintained at the same level as at the Latest Practicable Date, after the Closing Date or if the Minimum Acceptance Level is not met.**

#### 8.4 Closing Prices

The closing prices of the Shares on the SGX-ST (as reported by Bloomberg) on (a) the Latest Practicable Date was S\$0.315; and (b) 28 October 2011 (being the Last Trading Day) was S\$0.275. The highest, lowest, last transacted prices and trading volume of the Shares on the SGX-ST on a monthly basis from May 2011 to October 2011 (being the six calendar months preceding the Offer Announcement Date) as reported in Bloomberg, are set out below:

Date	Highest transacted price of the month (S\$)	Lowest transacted price of the month (S\$)	Last transacted price of the month (S\$)	Volume of Shares traded
May 2011	0.250	0.230	0.230	5,407,000
June 2011	0.240	0.220	0.240	3,967,000
July 2011	0.250	0.235	0.240	4,087,000
August 2011	0.260	0.210	0.235	20,488,000
September 2011	0.245	0.225	0.230	7,306,000
October 2011	0.300	0.225	0.300	69,161,000

During the period commencing six months preceding the Offer Announcement Date and ending on the Latest Practicable Date (being 1 May 2011 to 14 November 2011 (inclusive)), as reported by Bloomberg, the highest closing price of the Shares on the SGX-ST was S\$0.315, which was transacted on 3 November 2011, 8 November 2011, 9 November 2011, 11 November 2011 and 14 November 2011, and the lowest closing price of the Shares on SGX-ST was S\$0.210, which was transacted on 11 August 2011.

#### 8.5 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 as at the Latest Practicable Date.

The trading volume of the Shares has been low, with an average daily trading volume representing approximately 0.94%, 0.47%, 0.27% and 0.25% of the free float<sup>3</sup> over the one-month, three-month, six-month and 12-month period respectively prior to the Last Trading Day.

**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.**

<sup>3</sup> Free float refers to the approximately 297.4 million Shares (representing approximately 62.0% of the issued share capital of the Offeree) held by Shareholders, excluding those held by substantial shareholders and directors of the Offeree (based on the annual report of the Offeree for the financial year ended 31 December 2010).

## 8.6 Comparison of Offer Price to Historical Prices and Trading Liquidity 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 trading volume of the Shares during the five-year period was approximately 1,528,103 Shares.

## 8.7 Premium of Offer Price to NAV per Share

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

## 8.8 Price to Earnings Ratio

The Offer Price represents a price to earnings ratio of approximately 11.5 times over the earnings per Share for the financial year ended 30 December 2010 and 9.2 times over the pro forma earnings per Share<sup>4</sup> after the acquisition and delisting of EDMI Limited in 2010.

**Having considered the above, the Offeror believes the Offer Price represents a good opportunity for Shareholders to cash out at a premium.**

## 9 COMPULSORY ACQUISITION

9.1 **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 Act, if the Offeror acquires (or is deemed to have acquired, pursuant to Section 215(11) of the 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.

9.2 Shareholders who have not accepted the Offer have the right under and subject to Section 215(3) of the 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.

## 10 LISTING STATUS

10.1 Pursuant to Rule 1105 of 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.

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<sup>4</sup> Based on the circular to the shareholders of the Offeree dated 16 May 2011 in relation to the proposed delisting of EDMI Limited and exit offer by the Offeree, the Offeree's pro forma earnings per share assuming the acquisition and delisting of EDMI had been completed on 1 January 2010, is 3.46 cents.

- 10.2 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.
- 10.3 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.
- 10.4 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.**

## 11 CONFIRMATION OF FINANCIAL RESOURCES

- 11.1 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\$84,197,319<sup>5</sup>) and the remaining HK\$497,403,998 (approximately equivalent to S\$82,117,810<sup>5</sup>) by existing bank loan facilities extended to the Offeror Group.
- 11.2 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.

## 12 DISCLOSURE OF HOLDINGS AND DEALINGS IN SHARES

### 12.1 Holdings of Shares

Based on the latest information available to the Offeror, as at the Latest Practicable Date, none of the Offeror and any of its Concert Parties owns, controls or has agreed to acquire any Shares or securities which carries voting rights in the Offeree or are convertible into Shares or securities which carries voting rights in the Offeree, or rights to subscribe for or options in respect of Shares or such securities (the “**Offeree Securities**”).

### 12.2 Dealings in Shares

Based on the latest information available to the Offeror, none of the Offeror or any of its Concert Parties have dealt for value in any Offeree Securities during the Reference Period.

### 12.3 No Irrevocable Undertaking

As at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has received any irrevocable undertaking from any holder of Offer Shares to accept or reject the Offer.

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<sup>5</sup> Calculated at the prevailing exchange rate on the Latest Practicable Date, being S\$1:HK\$6.0572, based on data extracted from Bloomberg.

## 13 OVERSEAS SHAREHOLDERS

### 13.1 Overseas Shareholders

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 CDP (as the case may be) (each, 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.

It is the responsibility of Overseas Shareholders who wish to (a) request for this Offer Document, the FAAs, the FATs and/or any related documents, and/or (b) accept the Offer, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, PPCF, CDP and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, PPCF, CDP and/or any person acting on their behalf may be required to pay. In (i) requesting for this Offer Document, the FAAs, the FATs and/or any related documents, and/or (ii) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and PPCF that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

**If you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction.**

The Offeror reserves the right not to treat an acceptance or purported acceptance of the Offer in or from any overseas jurisdiction and/or in respect of an Overseas Shareholder as valid. Overseas Shareholders accepting the Offer should note that if they have, in the FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptances may be rejected.

### 13.2 Copies of Offer Document

Where there are potential restrictions on sending the Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror and PPCF each reserves the right not to send the Offer Document, the FAA and/or the FAT to such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain copies of this Offer Document, the FAA and the FAT, as the case may be, and any related documents during normal business hours and up to the Closing Date, from:

Profit Sea Holdings Limited  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

OR

Profit Sea Holdings Limited  
c/o The Central Depository (Pte) Limited  
4 Shenton Way  
#02-01 SGX Centre 2  
Singapore 068807

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to Boardroom Corporate & Advisory Services Pte. Ltd. at the above-stated address to request that this Offer Document, the FAA and the FAT, as the case may be, and any related documents be sent to an address in Singapore by ordinary post at his own risk (up to three Market Days prior to the Closing Date). For the avoidance of doubt, the Offer is made to all Shareholders (for all Offer Shares) including those to whom this Offer Document may not be despatched.

### **13.3 Notice**

The Offeror and PPCF each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

## **14 GENERAL**

### **14.1 Governing Law and Jurisdiction**

The Offer, this Offer Document, all acceptances of the Offer, all contracts made pursuant thereto and all action taken or deemed to be taken in connection with any of the foregoing shall be governed by, and construed in accordance with, the laws of Singapore and all accepting Shareholders agree, by accepting the Offer, to submit to the non-exclusive jurisdiction of the courts of Singapore.

### **14.2 No Third Party Rights**

Unless expressly provided to the contrary in this Offer Document, the FAA and the FAT, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document, the FAA and the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

### **14.3 Valid Acceptances**

The Offeror or PPCF each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAA or the FAT, or if made otherwise than in accordance with the provisions herein and/or in the FAA and/or the FAT.

### **14.4 Accidental Omission**

Any accidental omission relating to the despatch of this Offer Document, the FAA and/or the FAT, or any notice or announcement required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made shall not invalidate the Offer in any way.

#### 14.5 **Additional Information**

Additional general information is provided in Appendix VI of this Offer Document.

Your attention is drawn to Appendix I to Appendix VI which form part of this Offer Document.

#### 14.6 **Information pertaining to CPFIS Investors**

CPFIS Investors should receive further information on how to accept the Offer from their CPF Agent Banks shortly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respect CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared to be unconditional in accordance with its terms, CPFIS Investors who accept the Offer will receive the Offer Price payable in respect of their Shares in their CPF Investment accounts.

#### 14.7 **Letter from PPCF to Shareholders**

PPCF is acting for and on behalf of the Offeror in connection with the Offer and does not purport to advise the Shareholders. In preparing its Letter to Shareholders on behalf of the Offeror, PPCF has not had regard to the general or specific investment objectives, tax, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

### 15 **DIRECTORS' RESPONSIBILITY STATEMENT**

15.1 The directors of the Offeror and Boer (including those who may have delegated detailed supervision of this announcement) have approved the issue of this Offer Document, 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 from this Offer Document, and they jointly and severally accept responsibility accordingly.

15.2 Where any information has been extracted from published or publicly available sources (including, without limitation, information in relation to the Offeree Group), or obtained from 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 Offer Document.

Yours faithfully,  
For and on behalf of  
**PrimePartners Corporate Finance Pte. Ltd.**

Mah How Soon  
Director, Corporate Finance

## DETAILS OF THE OFFER

### 1 DURATION OF THE OFFER

- 1.1 **First Closing Date.** The Offer shall be open for acceptance by Shareholders on and from the Offer Announcement Date up to a date falling no less than 28 days from the date of despatch of this Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 19 December 2011 (subject to Rule 22.6 of the Code) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

- 1.2 **Subsequent Closing Dates.** Pursuant to Rule 22.4 of the Code, if the Offer is extended and

1.2.1 is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; and

1.2.2 is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.

- 1.3 **Offer to remain open for 14 days after becoming or being declared unconditional as to acceptances.** Pursuant to Rule 22.6 of the Code, after the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for (the "**Rule 22.6 Period**") not less than 14 days after the date on which the Offer would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so.

The requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days notice ("**Shut-Off Notice**") in writing that the Offer will not be open for acceptances beyond a specified closing date, provided that:

1.3.1 the Offeror may not give a Shut-Off Notice in a competitive situation; or

1.3.2 if already given, will not be capable of being enforced in a competitive situation.

- 1.4 **Revision.** If the Offer is revised, pursuant to Rule 20.1 of the Code, it will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, all Shareholders who have already accepted the Offer will also receive the benefit of any revised Offer.

- 1.5 **Final Day Rule.** Except with SIC's consent, the Offer (whether revised or not) will not be capable of becoming or being declared unconditional as to acceptances after 5.30 p.m. on the 60th day after the date of despatch of this Offer Document nor of being kept open after the expiry of such period unless it has previously become or been declared unconditional as to acceptances.

- 1.6 **Fulfillment of Other Conditions.** Except with SIC's consent, all conditions to the Offer must be fulfilled or the Offer must lapse within 21 days of the First Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later.

## 2 SETTLEMENT

- 2.1 Subject to the receipt by the Offeror of valid acceptances, complete in all respects and in accordance with the provisions and instructions given in this Offer Document and in the relevant FAA and/or FAT, as the case may be, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time(s), pursuant to Rule 30 of the Code, remittances in the form of S\$ cheques drawn on a bank in Singapore for the appropriate amounts will be despatched to the accepting Shareholder or payment for the appropriate amounts will be made in such other manner as you may have agreed with CDP or Boardroom Corporate & Advisory Services Pte. Ltd. (as the case may be) for the payment of any cash distributions (or, in the case of a Shareholder holding share certificate(s) which is not deposited with CDP, his designated agent (if any)) by ordinary post and at the risk of the accepting Shareholder as soon as practicable but in any event:
- 2.1.1 in respect of acceptances of the Offer which are complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in accordance with its terms, within 10 days of that date; or
- 2.1.2 in respect of acceptances of the Offer which are complete in all respects and are received after the Offer becomes or is declared to be unconditional in accordance with its terms, but before the Offer closes, within 10 days of the date of such receipt.
- 2.2 Payment of the Offer Price will be made by way of a cheque drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP or Boardroom Corporate & Advisory Services Pte. Ltd. (as the case may be) for the payment of any cash distributions.

## 3 ANNOUNCEMENTS

- 3.1 Pursuant to Rule 28.1 of the Code, by 8.00 a.m. on the dealing day (the "**Relevant Day**") immediately after the day on which the Offer is due to expire, or becomes or is declared unconditional as to acceptances or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):
- (i) in respect of which valid acceptances of the Offer have been received;
- (ii) held by the Offeror and any of its Concert Parties before the Offer Period; and
- (iii) acquired or agreed to be acquired by the Offeror and any of its Concert Parties during the Offer Period,
- and will specify the percentages of the issued Shares represented by such numbers.
- 3.2 Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with section 3.1 of this Appendix, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.
- 3.3 In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by PPCF or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile or through SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

- 3.4 In computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purpose of the acceptance condition if the relevant requirements of Rule 28.1 of the Code are met.

## 4 RIGHT OF WITHDRAWAL

### 4.1 Acceptances Irrevocable

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

### 4.2 Right of Withdrawal for Shareholders

A Shareholder who tendered acceptances under the Offer may:

- 4.2.1 withdraw his acceptance immediately if the Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in section 3.1 of this Appendix I by 3.30 p.m. on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in section 3.1 of this Appendix I;
- 4.2.2 withdraw his acceptance after 14 days from the First Closing Date, if the Offer has not by then become or is declared to be unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes unconditional as to acceptances; and
- 4.2.3 withdraw his acceptance immediately if a competing offer for the Offer Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such other offer immediately.

### 4.3 Procedures for Withdrawal of Acceptances

To withdraw his acceptance under the Offer:

- 4.3.1 a Shareholder holding Shares which **are not deposited with the CDP** must give written notice to the Offeror at Profit Sea Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; and
- 4.3.2 a Shareholder holding Shares which **are deposited with the CDP** must give written notice to the Offeror at Profit Sea Holdings Limited c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807.

A notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

## PROCEDURES FOR ACCEPTANCE

### 1 PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS WHOSE SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH OFFER SHARES

#### 1.1 Depositors whose Securities Accounts are credited with Offer Shares. If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with an FAA.

**Acceptance.** If you wish to accept the Offer, you should:

- (1) complete the FAA in accordance with the provisions and instructions in this Offer Document and the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer). In particular, you must state in **Section A** of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer which should not exceed the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the date of receipt by CDP, for and on behalf of the Offeror, of the FAA (the “**Date of Receipt**”), provided always that such Date of Receipt must fall on or before 5.30 p.m. on the Closing Date. If you:
  - (i) do not specify such number; or
  - (ii) specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt (provided always that the Date of Receipt must fall on or before the Closing Date),

**you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt, or in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. on the Closing Date;**

- (2) sign the FAA in accordance with the provisions and instructions in this Offer Document and the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer); and
- (3) deliver the completed and signed FAA:
  - (i) **by hand**, to Profit Sea Holdings Limited, c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or
  - (ii) **by post**, in the enclosed pre-addressed envelope, at your own risk, to Profit Sea Holdings Limited, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

**in each case so as to arrive not later than 5.30 p.m. on the Closing Date.**

#### 1.2 Depositors whose Securities Accounts will be credited with Offer Shares. If you purchase Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should (and are entitled to) also receive this Offer Document together with an FAA.

**Acceptance.** If you wish to accept the Offer, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares, you should:

- (1) complete the FAA in accordance with provisions and instructions in this Offer Document and the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer);

- (2) sign the FAA in accordance with the provisions and instructions in this Offer Document and the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer); and
- (3) deliver the completed and signed FAA and the relevant stamped original contract statement(s) validly issued by a member company of the SGX-ST in your name in respect of your purchase of such Offer Shares:
  - (i) **by hand**, to Profit Sea Holdings Limited, c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or
  - (ii) **by post**, in the enclosed pre-addressed envelope, at your own risk, to Profit Sea Holdings Limited, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

**in each case so as to arrive not later than 5.30 p.m. on the Closing Date.**

**Rejection.** If you purchase Offer Shares on the SGX-ST on a date near to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.30 p.m. on the Closing Date. **None of CDP, PPCF and the Offeror (nor, for the avoidance of doubt, any of the Offeror’s related corporations) accept any responsibility or liability for the consequences of such a rejection.**

1.3 **Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you already have Offer Shares credited to the “Free Balance” of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account but in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account, you may accept the Offer in respect of such additional Offer Shares only after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares. The provisions set out above shall apply in the same way to your acceptance(s) of the Offer.

1.4 **General.** CDP will acknowledge receipt of an FAA if it is submitted by hand at CDP’s counter. No acknowledgement will be given for FAAs deposited into boxes located at CDP’s premises. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number online if you have registered for the CDP Internet Access Service. Alternatively, you may call personally at CDP with your identity card or passport to verify such number.

If you have sold or transferred all your Offer Shares, you need not forward this Offer Document and/or the FAA to the purchaser or transferee (the “**Purchaser**”) as arrangements will be made by CDP for a separate Offer Document and/or FAA to be issued to the Purchaser. Purchasers should note that CDP will, on behalf of the Offeror, send a copy of this Offer Document and/or the FAA by ordinary post at the Purchasers’ own risk to their respective addresses as they appear in the records of CDP.

1.5 **Suspense Account.** We understand that CDP will, upon receipt of the FAA (and all other relevant documents, if applicable), transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account” until consideration for the Offer Shares has been despatched to you.

1.6 **Securities Accounts.** If you do not have any existing Securities Account in your name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

If you are a Depositor whose Securities Account is or will be credited with Offer Shares but you do not receive the FAA, you may obtain such a FAA upon production of satisfactory evidence that you are a Shareholder or have purchased the Offer Shares on the SGX-ST (as the case may be), from The Central Depository (Pte) Limited, at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807.

- 1.7 **Lapses.** If the Offer does not become or is not declared to be unconditional, CDP will return the aggregate number of Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the “Free Balance” of your Securities Account as soon as possible but in any event within 14 days of the lapse of the Offer.

## 2 PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

- 2.1 If you hold Offer Shares which are not deposited with CDP, you should receive this Offer Document together with an FAT.

**Acceptance.** If you wish to accept the Offer, you should:

- (1) complete the FAT in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer). If you:
  - (i) do not specify a number in the FAT, or
  - (ii) specify a number which exceeds the number of Offer Shares represented by the share certificate(s) accompanying the FAT,

**you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;**

- (2) sign the FAT in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer); and
- (3) deliver, at your own risk, by hand or by post (in the enclosed pre-addressed envelope):
  - (i) the completed and signed FAT;
  - (ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Offer Shares in respect of which you wish to accept the Offer; and
  - (iii) where such Offer Shares are represented by share certificate(s) which are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by the Offeror or a person authorised by it),

to Profit Sea Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, **so as to arrive not later than 5.30 p.m. on the Closing Date.**

- 2.2 **Receipt.** No acknowledgement of receipt of any FAT, share certificate or any other document will be given.

- 2.3 If you are a Shareholder who holds Offer Shares which are not deposited with CDP, but you do not receive the FAT, you may obtain such a FAT upon production of satisfactory evidence that you are a Shareholder, from Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

- 2.4 **Lapses.** If the Offer does not become or is not declared to be unconditional, the FAT, share certificate(s) and any other document(s) will be returned to you as soon as possible but in any event within 14 days of the lapse of the Offer.

### 3 GENERAL

- 3.1 **Disclaimer.** The Offeror, PPCF, Boardroom Corporate & Advisory Services Pte. Ltd. and CDP will be entitled to reject any acceptance which does not comply with the provisions and instructions contained in this Offer Document and in the FAA or the FAT (as the case may be) or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA or the FAT is properly completed in all respects and all required documents are provided. Any decision to reject any acceptance on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding and none of the Offeror, PPCF, Boardroom Corporate & Advisory Services Pte. Ltd. and CDP accepts any responsibility or liability for the consequences of such a decision.
- 3.2 **Scrip and Scripless Offer Shares.** If you hold share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you are required to complete the FAT in respect of the Offer Shares represented by share certificate(s) and the FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed, signed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out in sections 1 and 2 of this Appendix.
- 3.3 **Deposit Time.** If you hold share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Offer. You should complete an FAT and follow the procedures set out in section 2 of this Appendix.
- 3.4 **Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of the Offeree) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Register of Members of the Offeree, as the case may be, at the risk of the person entitled hereto.
- 3.5 **Except as specifically provided for in this Offer Document and the Code, acceptance of the Offer is irrevocable.**
- 3.6 Delivery of the duly completed and signed FAA and/or FAT to CDP and/or, as the case may be, the Offeror, PPCF or Boardroom Corporate & Advisory Services Pte. Ltd., shall be conclusive evidence in favour of each of the Offeror, PPCF, CDP and Boardroom Corporate & Advisory Services Pte. Ltd. of the right and title of the persons signing it to deal with the same and with the Offer Shares to which it relates.
- 3.7 Each of the Offeror and PPCF reserve the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated in the Offer Document, FAA or FAT (as the case may be), or made otherwise than in accordance with the provisions of the Offer Document, FAA or FAT (as the case may be). Each of Boardroom Corporate & Advisory Services Pte. Ltd. and CDP takes no responsibility for any decision made by the Offeror or PPCF.

## ADDITIONAL INFORMATION ON THE OFFEROR

### 1 REGISTERED OFFICE

- 1.1 The registered office of the Offeror is at 3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

### 2 DIRECTORS

- 2.1 The names, addresses and descriptions of the Directors are set out below:–

Name	Address	Description
Qian Yixiang	No. 99, Qian Road, Qian Xiang Village Luoshe Town, Huishan District Wuxi City, Jiangsu Province PRC	Director
Jia Lingxia	No. 99, Qian Road, Qian Xiang Village Luoshe Town Huishan District Wuxi City, Jiangsu Province PRC	Director

- 2.2 Details of their business and work experience are set out below:–

2.2.1 **QIAN Yixiang**, see as described at section 2.2.1 of Appendix IV of this Offer Document.

2.2.2 **JIA Lingxia**, see as described at section 2.2.2 of Appendix IV of this Offer Document.

### 3 PRINCIPAL ACTIVITIES AND SHARE CAPITAL

- 3.1 The Offeror is a private company limited by shares and was incorporated in the British Virgin Islands on 22 September 2011. The Offeror 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. The Offeror had not conducted any business activities prior to its acquisition by Cheers Success Holdings Limited. As at the Latest Practicable Date, the issued and paid-up share capital of the Offeror is US\$50,000, comprising 50,000 ordinary shares.

### 4 SUMMARY OF FINANCIAL INFORMATION

- 4.1 As the Offeror was incorporated on 22 September 2011, no audited financial statements of the Offeror have been prepared to date.

### 5 MATERIAL CHANGES IN FINANCIAL POSITION

- 5.1 Save for the making and financing of the Offer, as at the Latest Practicable Date, there has been no known material change in the financial position of the Offeror since its incorporation.

## ADDITIONAL INFORMATION ON BOER AND THE OFFEROR GROUP

### 1 REGISTERED OFFICE

- 1.1 The registered office of Boer is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

### 2 DIRECTORS

- 2.1 The names, addresses and descriptions of the directors of Boer as at the Latest Practicable Date are set out below:–

<b>Name</b>	<b>Address</b>	<b>Description</b>
Qian Yixiang	No. 99, Qian Road, Qian Xiang Village Luoshe Town, Huishan District Wuxi City, Jiangsu Province PRC	Executive Director
Jia Lingxia	No. 99, Qian Road, Qian Xiang Village Luoshe Town, Huishan District Wuxi City, Jiangsu Province PRC	Executive Director
Zha Saibin	Room 202, No. 41 Tianjing Garden, Liang Qing Road Wuxi City, Jiangsu Province PRC	Executive Director
Qian Zhongming	No. 99, Qian Road, Qian Xiang Village Luoshe Town, Huishan District Wuxi City, Jiangsu Province PRC	Executive Director
Huang Liang	Room 703, No. 43 Feng Guang Li Nanchang District Wuxi City, Jiangsu Province PRC	Executive Director
Zhang Huaqiao	11/F Bowen's Lookout 13 Bowen Road Hong Kong	Non-Executive Director
Yeung Chi Tat	Flat E, 60/F, Tower 3, Vision City 1 Yeung Uk Road, Tsuen Wan Hong Kong	Independent Non-Executive Director
Tang Jianrong	Room 602, No. 14, Hongshan Garden Wuxi City, Jiangsu Province PRC	Independent Non-Executive Director
Zhao Jianfeng	Room 404, Block 2, New Tower No. 2 Wenchang Street, Xuanwu District Nanjing City, PRC	Independent Non-Executive Director

2.2 Details of the business and work experience of the directors of Boer are set out below:

- 2.2.1 **QIAN Yixiang**, aged 37, is the chairman of Boer and the chief executive officer of Boer. Mr. Qian Yixiang was appointed a director of Boer on 12 February 2010. Mr. Qian Yixiang is primarily responsible for the overall management and strategic development of the Offeror Group. Mr. Qian Yixiang joined Wuxi Boer Power Instrumentation Company Ltd. ("**Wuxi Boer**"), the predecessor entity of the Offeror Group, in July 1995 and became the general manager of Wuxi Boer in January 1998. Since he first joined Wuxi Boer in July 1995, Mr. Qian Yixiang has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Mr. Qian Yixiang graduated from Jiangnan University with a diploma in Business Management in 1995.
- 2.2.2 **JIA Lingxia**, aged 38, is an executive director and is the chief operating officer of Boer. Ms. Jia was appointed a director of Boer on 12 February 2010. Ms. Jia is primarily responsible for the overall management of the daily operations of Boer. Ms. Jia joined Wuxi Boer in August 1995 and became the deputy general manager of Wuxi Boer in January 1997. From February 1995 to August 1995, Ms. Jia worked at Wuxi Special Ventilation Machine Factory, currently known as Wuxi Xishan Special Ventilation Machine Factory, as the head of the accounts department. Since Ms. Jia joined Wuxi Boer in August 1995, she has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Ms. Jia graduated from Jiangnan University with a diploma in Business Management in 1995.
- 2.2.3 **ZHA Saibin**, aged 44, is an executive director and a vice president of Boer responsible for new products development. Mr. Zha was appointed a director of Boer on 12 February 2010. Mr. Zha is primarily responsible for the product development of our Group. Mr. Zha joined Wuxi Boer in June 2000 and became the assistant manager and the head of research and development department of Wuxi Boer in 2003. Prior to joining the Offeror Group, Mr. Zha worked at Wuxi City Apparatus Factory from July 1990 to May 2000 and was later appointed as the head of research and development and the deputy general manager in January 1996 and November 1997, respectively. Since joining Wuxi Boer in June 2000, Mr. Zha has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Mr. Zha received a bachelor's degree in Engineering in 1990 from Hefei University of Technology.
- 2.2.4 **QIAN Zhongming**, aged 64, is an executive director and a vice president of Boer responsible for assisting Mr. Qian Yixiang in the formulation of the strategic development plans of the Offeror Group. Mr. Qian Zhongming was appointed a director of Boer on 12 February 2010. As a founding member of Wuxi Boer, Mr. Qian Zhongming acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry during the last 20 years. Mr. Qian Zhongming graduated from Luoshe Senior School in 1966.
- 2.2.5 **HUANG Liang**, aged 37, is an executive director and a joint chief financial officer of Boer. Mr Huang was appointed a director of Boer on 9 November 2011. He joined Boer (Wuxi) Power System Co., Limited in January 2009 as the financial manager and has remained with the Offeror Group since then. He was appointed as the financial controller of the Offeror Group in September 2010 and is primarily responsible for the Offeror Group's treasury and financial matters. Mr. Huang is a Certified Public Accountant in the PRC and a member of the Chinese Institute of Certified Public Accountants with over 19 years of work experience in the accounting and finance industry. Prior to joining the Offeror Group, Mr. Huang worked as an assistant manager at Wuxi Zhengzhuo CPAs Ltd., currently known as Jiangsu Zhengzhou CPAs Ltd.,

between June 2001 and December 2008 and as head of the finance department of Wuxi Second Boarding House between October 1991 and May 2001. Mr. Huang graduated from Shanghai University of Finance and Economic with a diploma in Accounting in 1996.

- 2.2.6 **ZHANG Huaqiao**, aged 48, joined Boer as a non-executive director on 9 November 2011 and was appointed as a member of Boer's audit committee, remuneration committee and nomination committee on 9 November 2011. Mr Zhang has over 21 years of experience in the banking and finance industry, with extensive experience in the capital markets of Hong Kong and China. Mr. Zhang has acted as chairman of Guangzhou Wansui Micro Credit Co., Ltd. since 20 June 2011. From June 1999 to April 2006, Mr. Zhang worked with UBS Securities Asia Limited, ultimately becoming the managing director and co-head of the China research team. Prior to this, Mr. Zhang worked as a principal staff member with the People's Bank of China in Beijing between July 1986 and January 1989. Mr. Zhang is also appointed as the executive director and chief executive officer of Man Sang International Limited (HKSE Stock Code: 938), a company listed on the Main Board of the HKSE, on 20 September 2011.

Mr. Zhang obtained a bachelor's degree in economics and finance from Hubei Institute of Finance and Economics in 1983, a master's degree in banking and finance from the Graduate School of the People's Bank of China in 1986 and a master's degree in economics from the Australian National University in 1991.

- 2.2.7 **YEUNG Chi Tat**, aged 42, joined Boer as an independent non-executive director on 30 September 2010 and was appointed as the chairman of Boer's audit committee, remuneration committee and nomination committee on 30 September 2010. Mr. Yeung is currently the president of the International Financial Management Association Hong Kong headquarters, the vice-president of the Hong Kong Wine Merchants' Chamber of Commerce and the financial controller and company secretary of Dynasty Fine Wines Group Limited (HKSE Stock Code: 828), a company listed on the Main Board of the HKSE. He is also an independent non-executive director of Ta Yang Group Holdings Limited (HKSE Stock Code: 1991), ANTA Sports Products Limited (HKSE Stock Code: 2020) and Billion Industrial Holdings Limited (HKSE Stock Code: 2299), which are listed on the Main Board of the HKSE. Mr. Yeung was an independent non-executive director of China Eco-Farming Limited (HKSE Stock Code: 8166), which is listed on the GEM Board of the HKSE, from September 2008 to May 2010.

Mr. Yeung received a bachelor's degree in Business Administration from the University of Hong Kong in 1993 and a master's degree in Professional Accounting with distinction from Hong Kong Polytechnic University in 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, a senior international finance manager of the International Financial Management Association and a Certified Public Accountant practicing in Hong Kong. Mr. Yeung worked at a major international accounting firm for over 10 years. He possesses extensive experience in auditing, corporate restructuring and corporate finance.

2.2.8 **TANG Jianrong**, aged 47, joined Boer as an independent non-executive director on 30 September 2010 and was appointed as a member of Boer's audit committee, remuneration committee and nomination committee on 30 September 2010. Mr. Tang is currently a professor in the business faculty and a deputy director of the MBA teaching centre at Jiangnan University. Mr. Tang received a bachelor's degree in Economics from Hebei Geology College, currently known as Shijiazhuang University of Economics, in 1987. He then received a master's degree in Economics from Zhongnan University of Economics in 1990. He received a doctoral degree in Science from Nanjing University in 2009.

2.2.9 **ZHAO Jianfeng**, aged 39, joined Boer as an independent non-executive director on 30 September 2010 and was appointed as a member of Boer's audit committee, remuneration committee and nomination committee on 30 September 2010. Mr. Zhao is currently the vice dean of School of Mechanical Engineering at Dongnan University. His main research area covers high-efficiency electronics technology, energy saving technology and renewable energy sources. Mr. Zhao received his bachelor's degree in Engineering from Huainan Mining Institute, currently known as Anhui University of Science & Technology, in 1995. After receiving his master's degree in Engineering from Nanjing University of Aeronautics and Astronautics in 1998, he received a doctoral degree in Engineering from Dongnan University in 2001.

### **3 SUMMARY OF PRINCIPAL ACTIVITIES AND SHARE CAPITAL**

3.1 Boer was incorporated as a limited liability company in the Cayman Island on 12 February 2010 and has been listed on the Main Board of the HKSE since 20 October 2010.

3.2 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. As at the Latest Practicable Date, Boer has an issued and paid-up share capital of RMB66,241,000 comprising 776,469,000 ordinary shares.

### **4 SUMMARY OF FINANCIAL PERFORMANCE**

4.1 The financial data tabulated below are extracted from, and should be read in conjunction with the audited consolidated financial statements of Offeror Group for FY2010, and the unaudited consolidated financial statements of the Offeror Group for the six-month period ended 30 June 2011 prepared in compliance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (copies of which are available for inspection as mentioned in section 3 of Appendix VI of this Offer Document).

## Profit and Loss Account

(RMB'000)	FY2010 (Audited)	Six-month period ended 30 June 2011 (Unaudited)
<b>Turnover</b>	911,059	361,955
Cost of sales	(578,790)	(228,151)
<b>Gross profit</b>	332,269	133,804
Other revenue	9,488	18,659
Gain on acquisition of a subsidiary	—	24,382
Selling and distribution expenses	(31,203)	(15,050)
Administrative expenses	(91,982)	(43,090)
<b>Profit from operations</b>	218,572	118,705
Finance costs	(2,783)	—
<b>Profit before taxation</b>	215,789	118,705
Income tax	(28,563)	(14,479)
<b>Profit for the financial year/period</b>	187,226	104,226
<b>Profit attributable to</b>		
<b>Equity shareholders of the company</b>	180,107	104,226
<b>Non-controlling interests</b>	7,119	—
<b>Dividend per share (RMB cents)</b>	6	—
<b>Earnings per share (RMB cents)<sup>(1)</sup></b>	29.83	13.39

**Note:**

(1) Earnings per share (“EPS”) is computed by dividing the profit attributable to equity shareholders of Boer for the financial year by the number of shares in issue in the respective financial year/period. For FY 2010, the EPS is RMB29.83 cents based on a profit attributable to the equity shareholders of Boer for the financial year of RMB180,107,000 divided by the weighted average of 603,878,000 shares. For the six-month period ended 30 June 2011, the EPS is RMB13.39 cents based on a profit attributable to the equity shareholders of Boer for the six-month period of RMB104,226,000 divided by weighted average of 778,107,000 shares.

## 5 STATEMENT OF ASSETS AND LIABILITIES

5.1 The financial data tabulated below are extracted from, and should be read in conjunction with the audited consolidated financial statement of the Offeror Group for FY2010 and the unaudited consolidated financial statement of the Offeror Group for the six-month period ended 30 June 2011 prepared in compliance with all applicable HKFRSs (copies of which are available for inspection as mentioned in section 3 of Appendix VI of this Offer Document).

## Balance Sheet

<b>(RMB'000)</b>	<b>At 31 December 2010 (Audited)</b>	<b>At 30 June 2011 (Unaudited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	47,515	89,250
Construction in progress	16,828	104,139
Intangible assets	162	17,417
Lease prepayments	19,809	22,669
Prepayments for purchase of equipment and plant construction	3,358	5,194
Deferred tax assets	1,738	1,247
	<hr/> 89,410	<hr/> 239,916
<b>Current assets</b>		
Inventories	29,037	62,115
Trade and other receivables	693,243	788,090
Amounts due from related parties	—	1,842
Pledged deposits	19,640	15,700
Time deposits with original maturity over three months	658,954	463,075
Cash and cash equivalents	268,093	295,814
	<hr/> 1,668,967	<hr/> 1,626,636
<b>Current liabilities</b>		
Trade and other payables	377,327	429,353
Amounts due to directors	425	—
Amounts due to related parties	4,228	1,425
Current taxation	10,040	18,048
	<hr/> 392,020	<hr/> 448,826
<b>Net current assets</b>	<hr/> 1,276,947	<hr/> 1,177,810
<b>Total assets less current liabilities</b>	<hr/> 1,366,357	<hr/> 1,417,726
<b>Non-current liabilities</b>		
Deferred tax liabilities	—	7,351
	<hr/> —	<hr/> 7,351
<b>Net assets</b>	<hr/> 1,366,357	<hr/> 1,410,375
<b>Capital and reserves</b>		
Share capital	66,382	66,382
Reserves	1,299,975	1,343,993
	<hr/> 1,366,357	<hr/> 1,410,375
<b>Total equity</b>	<hr/> <hr/> 1,366,357	<hr/> <hr/> 1,410,375

Source: Audited consolidated financial statements of the Offeror Group for FY2010 and the unaudited consolidated financial statements of the Offeror Group for the six-month period ended 30 June 2011.

## 6 SIGNIFICANT ACCOUNTING POLICIES

- 6.1 The following is extracted from, and should be read in conjunction with the audited consolidated financial statements for FY2010 and the unaudited consolidated financial statements for the six months ended 30 June 2011, of the Offeror Group prepared in compliance with all applicable HKFRSs (copies of which are available for inspection as mentioned in section 3 of Appendix VI to this Offer Document).

## 6.2 Basis of preparation

The consolidated financial statements are presented in RMB rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 6.3 Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Offeror Group. Control exists when the Offeror Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to Boer, and in respect of which the Offeror Group has not agreed any additional terms with the holders of those interests which would result in the Offeror Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Offeror Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of Boer. Non-controlling interests in the results of the Offeror Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of Boer.

Changes in the Offeror Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and noncontrolling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

**6.4 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.
- Plant and machinery 5 – 10 years
- Motor vehicles 5 years
- Furniture, fixtures and other equipment 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

**6.5 Construction in progress**

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses. Cost of self-constructed items of property, plant and equipment include the cost of materials, direct labour, and an appropriate proportion of production overheads and borrowing costs. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

**6.6 Intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets represent patent, software, customer contracts and customer relationships and are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Patents amortised over shorter of the licensed period and the estimated useful lives
- Software 5 years
- Customer contracts amortised over the contract terms
- Customer relationship 6 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

## 6.7 Lease prepayments

Lease prepayments represent cost of acquiring land use rights paid to the PRC's governmental authorities. Lease prepayments are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

## 6.8 Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Offeror Group are classified as operating leases. Where the Offeror Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

## 6.9 Impairment of assets

### 6.9.1 Impairment of investments in subsidiaries and other receivables

Investments in subsidiaries and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Offeror Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount;
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial

assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

In respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote, the impairment losses for doubtful debts are recorded using an allowance account. When the Offeror Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

#### 6.9.2 Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- lease prepayments; and
- intangible assets.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

— Interim financial reporting and impairment

Under the HKSE Listing Rules, the Offeror Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Offeror Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

## 6.10 Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## 6.11 Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

## 6.12 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the cost initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

## 6.13 Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

## 6.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

## 6.15 Employee benefits

### 6.15.1 Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

### 6.15.2 Termination benefits

Termination benefits are recognised when, and only when, the Offeror Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

## 6.16 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if Boer or the Offeror Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, Boer or the Offeror Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

#### **6.17 Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Offeror Group or Boer has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 6.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Offeror Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

### 6.18.1 Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. For goods that do not require acceptance testing, revenue is recognized when they are delivered to the customers' premises. For goods that require acceptance testing, revenue is recognised when customers confirmed acceptance of the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Deposits and instalments received prior to the date of revenue recognition are included in the statement of financial position under receipt in advance under trade and other payables.

### 6.18.2 Interest income

Interest income is recognised as it accrues using the effective interest method.

### 6.18.3 Service income

Service income is recognised when the services are rendered and the amount receivable can be measured reliably.

## 6.19 Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Offeror Group will comply with the conditions attaching to them. Grants that compensate the Offeror Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Offeror Group for the cost of an asset are deducted from the carrying amount of the assets and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

## 6.20 Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside mainland China are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

## 6.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

## 6.22 Related parties

For the purposes of audited consolidated financial statements for FY2010 and the unaudited consolidated financial statements for the six months ended 30 June 2011 of the Offeror Group, a party is considered to be related to the Offeror Group if:

- 6.22.1 the party has the ability, directly or indirectly through one or more intermediaries, to control the Offeror Group or exercise significant influence over the Offeror Group in making financial and operating policy decisions, or has joint control over the Offeror Group;
- 6.22.2 the Offeror Group and the party are subject to common control;
- 6.22.3 the party is an associate of the Offeror Group or a joint venture in which the Offeror Group is a venturer;
- 6.22.4 the party is a member of key management personnel of the Offeror Group or the Offeror Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- 6.22.5 the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- 6.22.6 the party is a post-employment benefit plan which is for the benefit of employees of the Offeror Group or of any entity that is a related party of the Offeror Group. Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

## 6.23 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Offeror Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Offeror Group's various lines of business.

## 6.24 Share award scheme and shares held for share award scheme

Boer has a share award scheme (the "**Scheme**") under which shares of Boer may be awarded to selected employees in accordance with its provisions. A trust (the "**Trust**") has been set up and fully funded by Boer for the purpose of purchasing, administering and holding Boer's shares for the Scheme. Boer has the power to govern the financial and operating policies of the Trust and benefits from the services of the employees whom have been awarded the shares through their continued employment with the Offeror Group. Accordingly, the assets and liabilities of the

Trust are included in the Offeror Group's consolidated statement of financial position. When the Trust purchases Boer's shares from the market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and is deducted from total equity.

#### **6.25 Gain on acquisition of a subsidiary**

Gain on acquisition of a subsidiary represents the excess of:

6.25.1 the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date; over

6.25.2 the aggregate of the fair value of the consideration transferred.

The amount is recognised immediately in profit or loss.

### **7 CHANGES IN ACCOUNTING POLICIES**

7.1 As at the Latest Practicable Date, there has been no change in the accounting policies of Boer since the date of its audited financial statements for FY2010.

### **8 MATERIAL CHANGES IN FINANCIAL POSITION**

8.1 Save as disclosed in this Offer Document and for information relating to Boer which is publicly available and for making and financing of the Offer, as at the Latest Practicable Date, there has been no known material change in the financial position of Boer since the date of its latest audited financial statements.

### **9 SHARE CAPITAL AND SHAREHOLDING**

9.1 King Able Limited is a controlling shareholder of Boer, holding approximately 67% of the issued share capital of Boer.

## ADDITIONAL INFORMATION ON THE OFFEREE

### 1 DIRECTORS

- 1.1 Based on the BizFile Search and information from the annual report of the Offeree for the year ended 31 December 2010, the names and designations of the directors of the Offeree as at the Latest Practicable Date are as follows:

Name	Address	Description
Lee Phuan Weng	3 Saraca Hill Seletar Hills Estate Singapore 807485	Executive Chairman
Goh Ban Kin	38 Saraca Road Seletar Hills Estate Singapore 807384	Executive Director
Lee Yong Heng	12 Cotswold Close Braddell Heights Estate Singapore 359611	Executive Director
Lawrence Lee Wee Hian	3 Saraca Hill Seletar Hills Estate Singapore 807485	Executive Director/CEO
Lee Kwang Mong	21 Hazel Park Terrace #01-12 Hazel Park Condominium Singapore 678946	Non-Executive Director
Henry Hoe Leong Seng	8 Butterfly Avenue Singapore 349763	Independent Director
Koh Ah Huat	22 Hua Guan Avenue Hong Kong Park Singapore 589118	Independent Director
Tay Teng Tiow	64 Jalan Leban Sembawang Hills Estate Singapore 577601	Independent Director

### 2 PRINCIPAL ACTIVITIES

- 2.1 Based on annual report of the Offeree for the financial year ended 31 December 2010, the principal activity of the Offeree Group is the manufacture and distribution of switchgears, EDM1 electronic revenue meters and its own Rudolf™ brand of controllers, instrumentation and power quality systems.

### 3 SHARE CAPITAL

- 3.1 As at the Latest Practicable Date, based on the BizFile Search, the Offeree has an issued and paid-up capital of S\$75,049,494.90 comprising 479,751,999 ordinary shares in the capital of the Offeree.

#### **4 MATERIAL CHANGES IN FINANCIAL POSITION**

4.1 Save as disclosed in this Offer Document and save for the information disclosed in the announcements released by the Offeree on the SGX-ST and the documents as set out below), as at the Latest Practicable date, there has not been, within the knowledge of the Offeror, any material changes in the financial position or prospects of the Offeree since 31 December 2010, being the date of the last audited balance sheet of the Offeree laid before its shareholders in general meeting on 29 April 2011:

4.1.1 the annual report of the Offeree for FY2010; and

4.1.2 the unaudited consolidated financial statements of the Offeree for the six months ended 30 June 2011.

#### **5 REGISTERED OFFICE**

Based on the BizFile Search, the registered office of the Offeree is at 9 Senoko Drive, Singapore 758197.

## ADDITIONAL GENERAL INFORMATION

### 1 DISCLOSURE OF INTERESTS

- 1.1 Save as disclosed in paragraphs 12.1 and 12.2 of the Letter to Shareholders and pursuant to the Offer, as at the Latest Practicable Date, none of the Offeror or any of its Concert Parties owns, controls or has agreed to acquire any Offeree Securities or has dealt for value in any Offeree Securities during the Reference Period.
- 1.2 As at the Latest Practicable Date, none of the Directors has any interest in any of the Offeree Securities.
- 1.3 As at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has received any irrevocable undertaking from any Shareholder to accept the Offer.
- 1.4 To the best knowledge of the Directors, as at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, nor any agreement or understanding, formal or informal, of whatever nature, relating to the Offeree Securities which may be an inducement to deal or refrain from dealing in the Offeree Securities.

### 2 GENERAL

- 2.1 Save as disclosed in paragraph 12 of the Letter to Shareholders contained in this Offer Document, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between the Offeror or any of its Concert Parties and any of the present or recent directors of the Offeree, or the present or recent Shareholders having any connection with or dependence upon the Offer.
- 2.2 The Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations. As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired by the Offeror pursuant to the Offer will be transferred to any other person.
- 2.3 To the best knowledge of the Directors, based on information available on the SGX-ST, there is no restriction in the Memorandum and Articles of Association of the Offeree on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to Shareholders or to any person.
- 2.4 All costs and expenses of or incidental to the Offer including the preparation and circulation of this Offer Document, the FAA and the FAT (other than professional fees and other costs relating to the Offer incurred or to be incurred by the Offeree) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 2.5 PPCF has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and letter and all references thereto in the form and context in which they appear in this Offer Document.

### **3 DOCUMENTS FOR INSPECTION**

- 3.1 Copies of the following documents may be inspected at the office of PPCF at 20 Cecil Street, Equity Plaza #21-02, Singapore 049705 during normal business hours while the Offer remains open for acceptance:
- 3.1.1 the Offer Announcement;
  - 3.1.2 the Memorandum and Articles of Association of the Offeror and Boer;
  - 3.1.3 the letter of consent from PPCF referred to in section 2.5 of this Appendix above;
  - 3.1.4 the annual report of Boer for FY2010 which includes the audited consolidated financial statements of the Offeror Group for FY2010; and
  - 3.1.5 the unaudited consolidated financial statements of the Offeror Group for the six months ended 30 June 2011.

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