



**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

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

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

30 November 2011

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

Dear Sir/Madam

**VOLUNTARY CONDITIONAL CASH OFFER BY PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. FOR AND ON BEHALF OF PROFIT SEA HOLDINGS LIMITED FOR THE OFFER SHARES**

**1 INTRODUCTION**

- 1.1 PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") for and on behalf of Profit Sea Holdings Limited (the "**Offeror**"), a wholly-owned indirect subsidiary of Boer Power Holdings Limited had despatched the offer document dated 21 November 2011 (the "**Offer Document**") to the shareholders of SMB United Limited (the "**Offeree**") on the even date.
- 1.2 All capitalised terms used and not defined herein shall have the same meanings as ascribed to them in the Offer Document.
- 1.3 This 30 November 2011 letter (this "**Letter**") contains disclosures to complement the Offer Document. We urge you to read this Letter carefully in conjunction with the full text of the Offer Document and properly consider the Offer.
- 1.4 If you are in any doubt about this Offer or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately. PPCF is acting for and on behalf of the Offeror and does not purport to advise the Shareholders. In preparing this Letter 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.
- 1.5 If, prior to receiving this Letter, you have sold or transferred all your Shares held through the CDP, you need not forward the Offer Document, this Letter 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, Letter 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 the Offer Document, this Letter 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.
- 1.6 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 Letter.

## 2 DISCLOSURES IN THE OFFER DOCUMENT

- 2.1 Reference is made to paragraph 6 of the Offer Document which refers to the views of the directors of Boer found in the VSA Circular 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.
- 2.2 The Offer Document had stated that 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).
- 2.3 An extract of the said views in the VSA Announcement can be found in the Offer Announcement. An extract of the said views in the VSA Circular is replicated below:

### **“REASONS AND BENEFITS OF THE OFFER**

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

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

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

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

- (1) *Expanding sales channels overseas*

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

(2) *Increasing product offerings*

*Following a successful close of the Offer, the business of the Offeree Group will be repositioned and repackaged as an international brand. By leveraging on the Offeree's experience in serving customers that operates in the business of offshore oil platforms, offshore oil and natural gas industries, manufacturing factories for solar wafers and semiconductor wafers, biotechnology laboratories and pharmacy laboratories, the Group can further enhance its market share in the PRC. The Offeree's EDML electronic revenue meters will bring a new product series to the Group whereas the Offeree's building automation and control systems and power quality systems will also further enhance the overall competitive strengths of the Group's existing energy-saving systems.*

(3) *Enhancing operation efficiency*

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

(4) *Enhancing research capabilities*

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

(5) *Increasing attractiveness to overseas talents*

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

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

“Acquisition”	the acquisition of the Offer Shares pursuant to the Offer and the Compulsory Acquisition
“Board”	the board of Directors of the Company
“Company”	Boer Power Holdings Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“Compulsory Acquisition”	the compulsory acquisition of the Offeree Shares as mentioned in the section headed “Delisting and compulsory acquisition” in the “Letter from the Board” in the VSA Circular, which may be undertaken by the Offeror as described in such section in the VSA Circular
“Directors”	the directors of the Company
“Enlarged Group”	the Group as enlarged by the consolidation of the Offeree Group after the successful close of the Offer
“Existing Offeree Awards”	the Offeree Awards granted on 3 October 2011 and 28 October 2011 by the Offeree under the Offeree Share Plan which may translate into 23,950,000 Offeree Shares or their equivalent cash value or a combination thereof
“Group”	the Company and its subsidiaries
“Listing”	the Listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited
“Offer”	the voluntary conditional cash offer by PPCF, for and on behalf of the Offeror, to acquire all the Offer Shares for a consideration of S\$0.32 (equivalent to approximately HK\$1.94) in cash for each Offer Share held
“Offeror”	Profit Sea Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Offeree”	SMB United Limited, a company incorporated in Singapore under company number 199506364D, the Offeree Shares of which are listed on the Main Board of SGX
“Offeree Award(s)”	awards granted by the Offeree of fully-paid Offeree Shares or their equivalent cash value or a combination of both
“Offeree	all the issued and fully paid-up ordinary shares in the capital of the Offeree
“Offeree Share Plan”	the performance share plan adopted by the Offeree pursuant to which the Existing Offeree Awards have been granted
“Offer Share(s)”	all the Offeree Shares other than those already owned, controlled or agreed to be acquired by the Offeror, and shall include (i) all the Offeree Shares in issue, including any Offeree Shares owned, controlled or agreed to be acquired by any party acting or presumed to be acting in concert with the Offeror; (ii) any of the 23,950,000 Offeree Shares validly allotted and issued in satisfaction of (and in accordance with the terms of) the Existing Offeree Awards; and (iii) any of the 9,400,000 new Offeree Shares validly allotted and issued pursuant to (and in accordance with the terms of) the S&P Agreement. For the purposes of the Offer, an “Offer Share” refers to any one of the Offer Shares

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

### 3 MEDIA BRIEFING HELD ON 21 NOVEMBER 2011

- 3.1 On 21 November 2011, the Offeror held a media briefing during which the Offeror commented on its assessment of the Offer Price and had referenced the price to earnings ratios of Schneider Electric SA (“**Schneider**”) and ABB Limited (“**ABB**”).
- 3.2 The Offeror wishes to complement these references mentioned during the media briefing, as follows:

The Offeror had considered companies which are generally considered to be in the same industry as the Offeree. Two such companies are Schneider and ABB<sup>1</sup> which are primarily listed on Euronext Paris and on SIX Swiss Exchange respectively. Schneider manufactures power distribution and automation systems and ABB provides power and automation technologies. Both companies are generally viewed in the industry as well known and well-established. The price to earnings ratios for Schneider and ABB are 11.8 times<sup>2</sup> and 14.6 times<sup>2</sup> respectively.

The information regarding Schneider and ABB are extracted from Bloomberg.<sup>3</sup> The Offeror does not purport to advise the Shareholders and 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.

**Shareholders should note that the Offeror’s reference to Schneider and ABB were intended to be an illustration of the Offeror’s own assessment of the Offer Price and the comparisons to the price to earnings ratio and these two companies are not exhaustive.** Schneider and ABB may not be directly comparable with the Offeree Group and may vary with respect to, amongst other factors: market capitalisation, size of operations, clientele base, business mix, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies and other factors.

## Notes:-

- (1) Based on information extracted from Bloomberg. Bloomberg also states that Schneider produces circuit breakers, remote installation management equipment, panelboards, programmable logic controllers, industrial control products, detectors, human-machine interfaces, and process controls. Schneider's products are sold under the names Merlin Gerin, Modicon, Square D, and Telemecanique. Bloomberg states that ABB operates under segments that include power products, power systems, automation products, process automation and robotics.
- (2) Based on the closing prices of each of Schneider and ABB on 18 November 2011 and the earnings per share for each of Schneider and ABB, for the financial year ended 31 December 2010 as extracted from Bloomberg.

Based on the closing price of each of Schneider and ABB on 18 November 2011 and the trailing 12-month earnings per share as extracted from Bloomberg, the price to earnings ratios for Schneider and ABB are 11.6 times and 12.3 times respectively.

- (3) Bloomberg has not consented to the inclusion of the data quoted in this Letter 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 Letter and has not verified the accuracy of such information. Neither the Offeror, Boer nor PPCF makes any representation or warranty, expressed or implied, on the accuracy or completeness of any information extracted from Bloomberg referred to in this Letter.

- 3.3 References in this Letter to the total number of Shares in issue are based on 479,751,999 Shares in issue as at 28 November 2011 (based on the BizFile Search conducted on 28 November 2011 extracted from ACRA), unless otherwise stated.
- 3.4 Any discrepancies in figures included in this Letter between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures that precede them.

## 4 MATERIAL CHANGES

- 4.1 Between the date of the Offer Document and 28 November 2011, based on information disclosed in the announcements released by the Offeree on the SGX-ST, the following disclosures were made by the Offeree:
  - 4.1.1 On 22 November 2011, the Offeree announced that the SGX-ST has approved in-principle the Offeree's application for the listing and quotation of the 9,400,000 Consideration Shares, subject to compliance with the listing requirements of the SGX-ST.
  - 4.1.2 On 24 November 2011, the Offeree released its third quarter and nine months financial information for the period ended 30 September 2011.
  - 4.1.3 On 24 November 2011, the Offeree disclosed its management discussion and analysis for the third quarter and nine months financial information for the period ended 30 September 2011.
  - 4.1.4 On 28 November 2011, a notice of a substantial shareholder's interest to declare that the deemed interest of Centaurus Capital Limited in the Shares have increased from 4.97% to 5.04% was released on the SGX-ST.
  - 4.1.5 On 28 November 2011, a notice of a substantial shareholder's interest to declare that the deemed interest of Bernard Oppetit in the Shares have increased from 4.97% to 5.04% was released on the SGX-ST.
- 4.2 Full details of the disclosures referred to in paragraph 4.1 above can be found in the publicly available announcements released on the SGX-ST.

- 4.3 On 25 November 2011, the Offeror released a complementary announcement to complement the disclosures made in paragraphs 8.3 and 8.6 of the Offer Document to include the same data but without the adjustment for dividends paid out (the “**Complementary Announcement**”). A copy of the Complementary Announcement will be despatched to Shareholders together with this Letter.
- 4.4 Save as disclosed in this Letter and save for the information disclosed in the announcements released on the SGX-ST, there has not been within the knowledge of the Offeror, any material change in any information previously published by or on behalf of the Offeror from the date of the Offer Document to 28 November 2011. For the avoidance of doubt, this does not extend to any financial information expressed to be referenced against a particular point in time or date in any information previously published by or on behalf of the Offeror (for example, the financial performance of the Shares referenced against the relevant time or date specified in the Offer Document).

## **5 DIRECTORS’ RESPONSIBILITY STATEMENT**

- 5.1 The directors of the Offeror and Boer (including those who may have delegated detailed supervision of this Letter) have approved the issue of this Letter, have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Letter are fair and accurate and that no material facts have been omitted from this Letter, and they jointly and severally accept responsibility accordingly.
- 5.2 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 Letter.

*All statements other than statements of historical facts included in this Letter 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’s 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 undertakes any obligation to update publicly or revise any forward-looking statements.*

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

Mah How Soon  
Director, Corporate Finance