

VOLUNTARY CONDITIONAL CASH OFFER

by

Daiwa
Capital Markets

Daiwa Capital Markets Singapore Limited

(Company Registration No.: 197200705R)
(Incorporated in the Republic of Singapore)

for and on behalf of



Osaki Electric Co., Ltd.

(Incorporated in Tokyo, Japan)

to acquire all the ordinary shares in the capital of



SMB United Limited

(Company Registration No.: 199506364D)
(Incorporated in the Republic of Singapore)

1. INTRODUCTION

Daiwa Capital Markets Singapore Limited (“**Daiwa**”) wishes to announce, for and on behalf of Osaki Electric Co., Ltd. (the “**Offeror**”), that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for all the ordinary shares (the “**Shares**”) in the capital of SMB United Limited (the “**Company**”).

2. THE OFFER

- 2.1 Offer Price.** Subject to the terms and conditions set out in the offer document to be issued by Daiwa, for and on behalf of the Offeror (the “**Offer Document**”), the Offeror will make the Offer for the Shares, including any and all Shares owned, controlled or agreed to be acquired by any person acting or deemed to be acting in concert with the Offeror, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and Rule 15.1 of the Singapore Code on Take-overs and Mergers (the “**Code**”) on the following basis:

For each Share: S\$0.40 in cash (the “Offer Price”).

2.2 Offer Shares. The Shares will be acquired (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the date hereof (the “**Announcement Date**”) and hereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Announcement Date.

If any dividend, right or other distribution is declared, paid or made by the Company on the Shares on or after the Announcement Date and the Offeror is not entitled to receive such dividend, right or other distribution in full from the Company in respect of any of the Shares tendered in acceptance of the Offer, the Offer Price payable in respect of such Shares will be reduced by the amount of such dividend, right or other distribution.

2.3 Offer Condition. The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with Shares owned, controlled, acquired or agreed to be acquired by the Offeror and persons acting in concert with the Offeror (whether before or during the Offer), will result in the Offeror and persons acting in concert with the Offeror holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the issued Shares as at the close of the Offer.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Shares which will result in the Offeror and persons acting in concert with the Offeror holding such number of Shares carrying more than 50 per cent. of the maximum potential issued shares in the Company. For the purposes of the Offer, the “**maximum potential issued shares in the Company**” means the total number of Shares, including any Shares which may be issued pursuant to the SMB Performance Share Plan (as defined below).

2.4 SMB Performance Share Plan. The Company has a performance share plan which was approved on 30 April 2009 by shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (the “**SMB Performance Share Plan**”). As at the Announcement Date, and based on announcements issued by the Company on 3 October 2011 and 31 October 2011, Awards (as defined below) have been granted under the SMB Performance Share Plan pursuant to which an aggregate of 23,950,000 Shares may potentially be allotted and issued to the grantees of such Awards, subject to the terms of the SMB Performance Share Plan.

Awards represent the right of a grantee to receive fully paid Shares, their equivalent cash value or combinations thereof (the “**Awards**”), free of charge, upon the grantee achieving the prescribed performance and/or service conditions or otherwise having performed well and/or made a significant contribution to the Company. The terms of the SMB Performance Share Plan provide that the Awards are not transferable, except with the prior approval of the committee administering the SMB Performance Share Plan. Accordingly, the Offer will not be extended to grantees of the Awards, save that the Offer will extend to Shares which are validly allotted and issued to grantees prior to the close of the Offer, in satisfaction of (and in accordance with the terms of) the Awards.

3. INFORMATION ON THE OFFEROR

The Offeror was established in January 1937 and is listed on the Tokyo Stock Exchange. The Offeror is in the business of (i) measurement and control equipment, (ii) FPD assembling equipment, and (iii) real estate. As at 31 March 2011, the Offeror had capital stock of 4,686 million yen. As at the Announcement Date, the directors of the Offeror are Yoshihide Watanabe, Yoshio Matsui, Mitsuyasu Watanabe, Yukio Kimura, Haruyuki Kawabata, Sumio Takano, Kazuo Nemoto, Kuniaki Numazaki, Toshio Yamanaka, Satoshi Komazawa, Shigeru Mizuta, Hiroyuki Yokoi, Masakazu Ohata and Hisao Tobusawa.

4. INFORMATION ON THE COMPANY

4.1 Company Information. The Company is a public company incorporated in Singapore on 7 September 1995. It was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 23 September 1996. The Company and its subsidiaries are principally engaged in the manufacture and distribution of switchgears, EDML electronic revenue meters and its own Rudolf™ brand of controllers, instrumentation and power quality systems. As at the Announcement Date, the Company had an issued and paid-up share capital of S\$77,526,394.90 comprising 489,151,999 Shares¹.

4.2 Boer Offer. On 31 October 2011 (the “Boer Announcement Date”), PrimePartners Corporate Finance Pte. Ltd. announced a voluntary conditional cash offer, for and on behalf of Profit Sea Holdings Limited, an indirect wholly-owned subsidiary of Boer Power Holdings Limited (the “Boer Offer”), to acquire all the issued and fully paid-up Shares, other than those already owned, controlled or agreed to be acquired by Profit Sea Holdings Limited (the “Boer Offer Shares”), at an offer price of S\$0.32 in cash for each Boer Offer Share (the “Boer Offer Price”). As at the Announcement Date, the Boer Offer has not become unconditional in accordance with its terms.

5. IRREVOCABLE UNDERTAKINGS

5.1 Undertaking Shareholders. Certain Shareholders (the “Undertaking Shareholders”) have each given irrevocable undertakings to the Offeror (the “Irrevocable Undertakings”) pursuant to which each of the Undertaking Shareholders will agree to, *inter alia*, accept the Offer in respect of the Shares held by each of them respectively prior to and up to the close of the Offer and to undertake to exercise all voting rights attached to their Shares in such manner as to oppose the taking of any action which may preclude, delay, frustrate, restrict or otherwise prejudice the Offer. A list of the Undertaking Shareholders and the number of Shares to be tendered in acceptance of the Offer by each Undertaking Shareholder pursuant to his or her Irrevocable Undertaking is set out in the Appendix to this Announcement.

The Undertaking Shareholders have undertaken to accept the Offer in respect of an aggregate of 183,038,039 Shares held by them as at the Announcement Date, representing approximately 37.42 per cent. of the Shares in issue as at the Announcement Date.

5.2 Undertaking Directors. Certain Undertaking Shareholders who are also directors of the Company, have additionally given further undertakings to the Offeror as follows:

¹ Based on Bizfile search dated 28 December 2011 extracted from the Accounting and Corporate Regulatory Authority of Singapore.

5.2.1 each of Messrs Lee Yong Heng, Lee Phuan Weng, Henry Hoe Leong Seng, Goh Ban Kin, Lee Kwang Mong, Koh Ah Huat, Tay Teng Tiow and Lawrence Lee Wee Hian has undertaken to the Offeror that, subject to (i) the Offer becoming unconditional in all respects and (ii) their fiduciary duties as directors of the Company and all applicable laws, rules and regulations (including but not limited to the rules and regulations of the SGX-ST) and in accordance with the Memorandum and Articles of Association of the Company, each of them shall use their best endeavours to propose and vote in favour of board resolutions of the Company to approve the appointment of such persons as the Offeror may nominate to form a majority of the board of the Company (the “**Nominee Directors**”) on (a) the close of the Offer or (b) such earlier date after the Offer has become unconditional in all respects and as may be approved by the Securities Industry Council of Singapore (the “**SIC**”); and

5.2.2 each of Messrs Lee Yong Heng, Lee Phuan Weng and Goh Ban Kin has undertaken to the Offeror that, subject to (i) the Offer becoming unconditional in all respects and (ii) compliance with Rule 6.3 of the Code, each of them shall tender their respective resignations as directors of the Company, to take effect on the earlier of (a) the appointment of the Nominee Directors (subject to the consent of the SIC, if such appointment takes place prior to the close of the Offer) and (b) the close of the Offer. Given these directors' standing and intimate knowledge of the Company's businesses and operations, it is contemplated that they will be retained in an advisory role in the Company following the close of the Offer, subject to terms to be discussed and mutually agreed with the Offeror.

5.3 **Termination.** The Irrevocable Undertakings shall terminate and cease to have any further force or effect on the date on which the Offer lapses or is withdrawn. Save as aforementioned, the Irrevocable Undertakings remain in full force and effect.

6. **RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY**

6.1 **Rationale for the Offer**

6.1.1 **Offeror's intention to delist and privatise the Company.** As noted in paragraph 8 below, the Offeror is making the Offer with a view to delisting the Company from the SGX-ST and depending on the outcome of the Offer, the Offeror intends to pursue any rights of compulsory acquisition that may arise under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”).

As a listed entity, the Company has to incur listing, compliance and other related costs associated with continuing listing requirements under the listing rules. If the Company is delisted, it will be able to dispense with such costs and the human resources that have to be committed for such compliance as well. Hence, delisting the Company will allow it to focus its resources on its business operations. Further, once the Company is delisted, the Offeror and the Company will have greater operational flexibility without being constrained by market sentiment and price volatility.

6.1.2 Low trading liquidity – opportunity for Shareholders to exit at a premium. The trading volume of the Shares has been low, with an average daily trading volume of approximately 988,619 Shares, representing approximately 0.20 per cent. of all the Shares, for the 12-month period up to 27 December 2011, being the last full trading day in the Shares on the SGX-ST prior to the Announcement Date (the “**Last Trading Day**”).

As stated in paragraph 7 below, the Offer Price represents a premium of approximately 46.0 per cent. to 57.4 per cent. over the 1-month, 3-month, 6-month and 12-month volume weighted average prices (“**VWAP**”) of the Shares prior to the Boer Announcement Date.

Through the Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the market prices of the Shares prior to the Announcement Date without incurring brokerage or other trading costs.

The Offer Price also represents a premium of 25.0 per cent. over the Boer Offer Price.

6.2 Potential benefits to the Offeror

6.2.1 Accelerate overseas expansion

Currently, the Offeror mainly conducts its business in Japan. Although the Offeror has ventured overseas and currently sells its products overseas in countries such as Indonesia and various Latin American countries, it still substantially derives its revenues from Japan. The Offeror believes that the Company’s established presence and sales channels in various parts of Asia, Australia, New Zealand and Europe will allow the Offeror to accelerate its expansion into the overseas markets.

6.2.2 Increase product and service offerings

The combined product and service offerings will allow the Offeror to better service its customers by offering more comprehensive energy management solutions and being in closer proximity to the customers which will improve its response time and hence, effectively compete with other global players in the global market.

6.2.3 Enhance research and development capabilities

The Offeror is of the view that investments in research and development capabilities are important and necessary for it to compete effectively to meet the needs of its customers in a rapidly changing environment for power distribution and energy management. As such, the Offeror values the Company’s track record in developing and customising its products to satisfy the local needs and requirements of its customers in various jurisdictions.

6.2.4 Expand talent pool

The employees of the Company have contributed significantly to the success of the Company and the Offeror considers these employees pivotal to the future of the Company. The Offeror believes that the expanded talent pool resulting from the combination of both organisations will be more effective in executing the Offeror’s global strategy.

6.3 Offeror's Intentions for the Company. Based on the Offeror's understanding of the Company, the Offeror currently does not intend to (i) introduce any major changes to the businesses of the Company, (ii) redeploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company and its subsidiaries. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the Company and its subsidiaries, and the review will help the Offeror identify all areas in which the Company and the Offeror and its subsidiaries can achieve shareholder value by combining the entities and determine the optimal business strategy for the Company.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premiums over the benchmark prices for the Shares as set out below:

	Description	Share Price²	Premium over Share Price
(1)	Last transacted Share price on the SGX-ST on 27 December 2011, being the Last Trading Day	S\$0.3650	9.6%
(2)	VWAP per Share for the 1-month period up to and including the Last Trading Day	S\$0.3249	23.1%
(3)	VWAP per Share for the 3-month period up to and including the Last Trading Day	S\$0.2993	33.6%
(4)	VWAP per Share for the 6-month period up to and including the Last Trading Day	S\$0.2894	38.2%
(5)	VWAP per Share for the 12-month period up to and including the Last Trading Day	S\$0.2804	42.7%
(6)	Boer Offer Price	S\$0.3200	25.0%
(7)	Last transacted Share price on the SGX-ST on 28 October 2011, being the last full trading day in the Shares on the SGX-ST prior to the Boer Announcement Date	S\$0.2750	45.5%
(8)	VWAP per Share for the 1-month period prior to the Boer Announcement Date	S\$0.2740	46.0%
(9)	VWAP per Share for the 3-month period prior to the Boer Announcement Date	S\$0.2629	52.1%
(10)	VWAP per Share for the 6-month period prior to the Boer Announcement Date	S\$0.2597	54.0%

² Trading prices and the NAV per Share are rounded to the nearest 4 decimal places. Trading prices are based on data extracted from Bloomberg and the NAV per Share is based on equity attributable to owners of the Company (as extracted from the Company's announcement of its unaudited consolidated financial statements of the Company and its subsidiaries for the third quarter ended 30 September 2011) and is divided by 489,151,999, being the number of Shares in issue as at the Announcement Date.

(11)	VWAP per Share for the 12-month period prior to the Boer Announcement Date	S\$0.2541	57.4%
(12)	Net asset value (“NAV”) per Share	S\$0.2973	34.5%

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status. Under Rule 1105 of the Listing Manual of the SGX-ST (the “Listing Manual”), in the event that the Offeror and persons acting in concert with it, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of the Shares (excluding treasury shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the Shares (excluding treasury shares), thus causing the percentage of the Company’s total number of Shares (excluding treasury shares) in public hands to fall below 10 per cent., the SGX-ST will suspend trading of Shares at the close of the Offer.

Rule 725 of the Listing Manual states that the SGX-ST may allow the Company 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 per cent., failing which the Company may be delisted.

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10 per cent. of the Shares (excluding treasury shares) are held in public hands.

8.2 Compulsory Acquisition Rights. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires Shares from the date of the despatch of the Offer Document (the “Despatch Date”) otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror would be entitled to exercise the right to, and intends to exercise its right to, compulsorily acquire, at the Offer Price, all the Shares held by the Shareholders who have not accepted the Offer (the “Non-Assenting Shareholders”).

8.3 Non-Assenting Shareholders’ Rights. Non-Assenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer or otherwise, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of issued Shares as at the close of the Offer. Non-Assenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

9. CONFIRMATION OF FINANCIAL RESOURCES

Daiwa, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

10. DISCLOSURE OF HOLDINGS AND DEALINGS

10.1 Holdings and Dealings. As at the Announcement Date, neither the Offeror nor any of the following persons owns, controls or has agreed to acquire or has dealt for value in any (i) Shares, (ii) securities which carry voting rights in the Company, (iii) securities which are convertible into Shares or securities which carry voting rights in the Company or (iv) rights to subscribe for, or options in respect of, such Shares or securities during the three-month period immediately preceding the Announcement Date and ending on the Announcement Date:

- (a) directors of the Offeror;
- (b) Daiwa; and
- (c) Daiwa Securities Capital Markets Co. Ltd.

10.2 Confidentiality. In the interests of confidentiality, the Offeror has not made enquiries prior to this Announcement in respect of certain other persons who are or may be deemed to be acting in concert with the Offeror in connection with the Offer. Further enquiries will be made of such persons subsequent to this Announcement and the relevant disclosures will be made in due course and in the Offer Document.

11. DOCUMENTS FOR INSPECTION

Copies of the Irrevocable Undertakings will be made available for inspection during normal business hours at the registered office of Daiwa at 6 Shenton Way, #26-08, DBS Building Tower Two, Singapore 068809, during the period of the Offer.

12. OFFER DOCUMENT

Further information will be set out in the Offer Document. The Offer Document, which will contain the terms and conditions of the Offer and enclose the appropriate form(s) of acceptance, will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Announcement Date. The Offer will remain open for acceptance by Shareholders for a period of at least 28 days from the Despatch Date.

13. OVERSEAS SHAREHOLDERS

The availability of the Offer to Shareholders whose addresses are outside of Singapore as shown in the register of members of the Company or, as the case may be, in the records of The Central Depository (Pte) Limited (the “**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdiction. Further details in relation to the Overseas Shareholders will be contained in the Offer Document.

14. RESPONSIBILITY STATEMENT

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

Issued by

Daiwa Capital Markets Singapore Limited

For and on behalf of

Osaki Electric Co., Ltd.

28 December 2011

Singapore

Any enquiries relating to this Announcement or the Offer should be directed during office hours to:

Lee Shao Ping
Managing Director
Head of Mergers & Acquisitions

Lin Yong Sin
Director
Mergers & Acquisitions

Hotline: +65 6499 6576

Appendix

Irrevocable Undertakings

Details of the Undertaking Shareholders and the number of Shares to be tendered in acceptance of the Offer by each Undertaking Shareholder pursuant to their respective Irrevocable Undertakings are as follows:

Name of Undertaking Shareholder	No. of Shares as at the Announcement Date	% of Shares in issue ⁽¹⁾	% of maximum potential issued Shares ⁽²⁾
Lee Phuan Weng	35,688,544	7.30%	6.96%
Ang Lucy	7,761,248	1.59%	1.51%
Lawrence Lee Wee Hian	10,669,000	2.18%	2.66% ⁽³⁾
Ang Lai See	744,000	0.15%	0.15%
Lee Yong Heng	46,170,923	9.44%	9.00%
Lee Kwang Mong	1,082,000	0.22%	0.80% ⁽⁴⁾
Terri Lee Hwee Choo	11,886,000	2.43%	2.61% ⁽⁵⁾
Lee Soo Chin	19,426,810	3.97%	3.79%
Lee Yong Siang	3,032,000	0.62%	0.59%
Goh Ban Kin	22,632,514	4.63%	4.41%
Foo Juat Eng	10,045,000	2.05%	1.96%
Goh Woon Keat	7,146,000	1.46%	1.39%
Goh Woon Peng	6,170,000	1.26%	1.20%
Henry Hoe Leong Seng	336,000	0.07%	0.07%
Koh Ah Huat	168,000	0.03%	0.03%
Tay Teng Tiow	60,000	0.01%	0.01%
Hung Cheau Ling	20,000	0.00%	0.00%
Total	183,038,039	37.42%	37.13%

Notes:

- (1) As a percentage of the total number of Shares in issue as at the Announcement Date.
- (2) As a percentage of the maximum potential issued shares in the Company as at the Announcement Date, being 513,101,999 Shares which comprises the issued Shares as at the Announcement Date and the 23,950,000 Shares which may be issued pursuant to Awards outstanding under the SMB Performance Share Plan.
- (3) Comprising 10,669,000 issued Shares and 3,000,000 Shares which may be issued pursuant to an Award under the SMB Performance Share Plan.
- (4) Comprising 1,082,000 issued Shares and 3,000,000 Shares which may be issued pursuant to an Award under the SMB Performance Share Plan.
- (5) Comprising 11,886,000 issued Shares and 1,500,000 Shares which may be issued pursuant to an Award under the SMB Performance Share Plan.