

EXIT OFFER LETTER DATED 18 JUNE 2014

THIS EXIT OFFER LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about any aspect of the Exit Offer or the action you should take, you should consult your stockbroker, a licensed securities dealer, registered dealer in securities or registered institution in securities, a bank manager, solicitor, accountant or other professional adviser immediately.

CITIC Securities Corporate Finance (HK) Limited and CLSA Singapore Pte Ltd are acting for and on behalf of Pioneer Top Holdings Limited ("Offeror") and do not purport to advise the Shareholders (as defined herein) and/or any other person.

If you have sold or transferred all your issued and fully paid-up ordinary shares ("Shares") in the capital of China XLX Fertiliser Ltd. (the "Company") held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Exit Offer Letter and the accompanying Form of Acceptance and Authorisation for Offer Shares ("SG FAA") to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and the SG FAA to be sent to the purchaser or transferee.

If you have sold or transferred all your Shares (other than those held through CDP), you should immediately hand this Exit Offer Letter together with the accompanying relevant Acceptance Forms (as defined herein), to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Exit Offer Letter should be read in conjunction with the accompanying relevant Acceptance Forms, the provisions of which form part of the terms of the Exit Offer contained herein.

This Exit Offer Letter and the relevant Acceptance Forms shall not be construed as, may not be used for the purposes of, and do not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation. This Exit Offer Letter and the relevant Acceptance Forms do not constitute an invitation to purchase or subscribe for any securities.

The views of the Independent Board Committee (as defined herein) and the IFA (as defined herein) are available in the Circular (as defined herein), which is despatched together with this Exit Offer Letter. You may wish to consider their views before taking any action in relation to the Exit Offer.

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

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited ("SEHK") and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Exit Offer Letter and the accompanying relevant Acceptance Forms, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Exit Offer Letter and the accompanying relevant Acceptance Forms.

## CONDITIONAL CASH EXIT OFFER

by



**中信証券國際**  
CITIC Securities International



A CITIC Securities Co.

**CITIC SECURITIES CORPORATE FINANCE  
(HK) LIMITED**

*(Incorporated in the Hong Kong Special Administrative  
Region of the People's Republic of China)*

**CLSA SINGAPORE PTE LTD**  
*(Incorporated in Singapore)*

for and on behalf of

**PIONEER TOP HOLDINGS LIMITED**

*(Incorporated in the British Virgin Islands)  
(Company Registration No. 1029581)*

to acquire all the issued Shares in



**CHINA XLX FERTILISER LTD.**

**中國心連心化肥有限公司\***

*(Incorporated in Singapore on 17 July 2006)  
(Company Registration No. 200610384G)  
Hong Kong Stock Code: 1866  
Singapore Stock Code: B9R*

*\* For identification purpose only.*

other than those already owned, controlled or agreed to be acquired by  
the Offeror Concert Group (as defined herein), the Undertaking Shares (as defined herein) and  
the Undertaking Bonds (as defined herein)

in connection with

**THE PROPOSED VOLUNTARY DELISTING OF THE COMPANY FROM THE OFFICIAL LIST OF  
THE MAINBOARD OF THE SGX-ST PURSUANT TO RULES 1307 AND 1309 OF  
THE LISTING MANUAL OF THE SGX-ST**

**ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE EXIT OFFER AT 4.00 P.M. (HONG KONG AND SINGAPORE TIME) ON  
4 AUGUST 2014.**

**THE OFFEROR DOES NOT INTEND TO EXTEND THE EXIT OFFER BEYOND 4.00 P.M. (HONG KONG AND SINGAPORE TIME) ON THE  
CLOSING DATE. NOTICE IS HEREBY GIVEN THAT THE OFFER WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 4.00 P.M. (HONG  
KONG AND SINGAPORE TIME) ON THE CLOSING DATE.**

The procedures for acceptance and settlement of the Exit Offer are set out in **Appendix 2** and **Appendix 3** to this Exit Offer Letter and in the accompanying SG FAA, SG FAT (as defined herein) and/or HK FAT (as defined herein), as applicable.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Exit Offer Letter and/or the relevant Acceptance Forms to any jurisdiction outside of Hong Kong and Singapore should read the details in this regard which are contained in Section 18 of this Exit Offer Letter before taking any action in relation to the Exit Offer. It is the responsibility of each Overseas Shareholder (as defined herein) wishing to accept the Exit Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Exit Offer. Electronic copies of this Exit Offer Letter and the Circular are available on the websites of the SGX-ST at <http://www.sgx.com>, the SEHK at <http://www.hkex.com.hk>, the SFC (as defined herein) at <http://www.sfc.hk> and the Company at <http://www.chinaxlx.com.hk>.

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Exit Offer Letter and the Acceptance Forms:

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|------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“1QFY2014”</b>                        | : | The first quarter ended 31 March 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“2013 Final Dividend”</b>             | : | The final dividend of RMB0.06 per Share (being S\$0.012 and HK\$0.0774 as at the date of payment of such dividend) in respect of FY2013 which was approved by Shareholders at the Company’s annual general meeting held on 24 April 2014 and was paid on 26 May 2014 to Shareholders registered with the Company, CCASS or with CDP (as the case may be) as at the 2013 Final Dividend Record Date                                                                                                                                                                                     |
| <b>“2013 Final Dividend Record Date”</b> | : | 9 May 2014, being the Record Date for the 2013 Final Dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Acceptance Forms”</b>                | : | The SG FAA, the SG FAT and the HK FAT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“ACRA”</b>                            | : | Accounting and Corporate Regulatory Authority of Singapore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Address Notification Form”</b>       | : | The form proposed to be sent to Shareholders who hold their Shares through CDP and Singapore Registered Shareholders together with the Circular, for the purpose of allowing Shareholders who hold their Shares through CDP and Singapore Registered Shareholders who do not accept the Exit Offer to provide, if they wish to do so, an address in Hong Kong for the delivery of their share certificates by ordinary post, at their own risk, in respect of their Shares transferred from the Singapore Register to the HK Branch Register following the completion of the Delisting |
| <b>“Board”</b>                           | : | The board of Directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Bondholder”</b>                      | : | Nitro Capital Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Bonds”</b>                           | : | The 4.5% convertible bonds due on 21 December 2016 and issued by the Company to the Bondholder on 21 December 2011 with an aggregate outstanding principal amount of RMB324,366,153.50, which are convertible into 176,000,000 Shares at the prevailing conversion price of approximately RMB1.84 per Share as at the Latest Practicable Date                                                                                                                                                                                                                                          |
| <b>“Bonds Undertaking”</b>               | : | The irrevocable undertaking dated 31 March 2014 provided by the Bondholder to the Offeror, as described in Section 6.2 of this Exit Offer Letter                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| <b>“Branch Share Registrar and Transfer Office in Hong Kong”</b> | : Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Business Day”</b>                                            | : A day other than Saturday, Sunday or a public holiday on which commercial banks in Hong Kong and/or Singapore, or the SEHK and/or the SGX-ST (as the case may be) are open for the transaction of business                                                                                                                                                                                                                                                                                                                             |
| <b>“BVI”</b>                                                     | : The British Virgin Islands                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“CCASS”</b>                                                   | : The Central Clearing and Settlement System established and operated by the HKSCC                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“CDP”</b>                                                     | : The Central Depository (Pte) Limited of Singapore, which operates the Central Depository System for the holding and transfer of book-entry securities                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Circular”</b>                                                | : The letter proposed to be issued by the Company to the Shareholders in connection with the Exit Offer and the Delisting, containing, amongst other things: (i) a letter of advice from the IFA to the Independent Board Committee in relation to the Exit Offer and the Delisting; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Exit Offer and the Delisting; and (iii) the notice of EGM, which is despatched to Shareholders together with this Exit Offer Letter |
| <b>“CITIC Securities”</b>                                        | : CITIC Securities Corporate Finance (HK) Limited, the Hong Kong financial adviser to the Offeror, is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities                                                                                                                                                                                                                                        |
| <b>“CLSA Singapore”</b>                                          | : CLSA Singapore Pte Ltd, the Singapore financial adviser to the Offeror, holds a Capital Markets Services Licence from the Monetary Authority of Singapore for certain regulated activities including, without limitation, Dealing in Securities and Advising on Corporate Finance                                                                                                                                                                                                                                                      |
| <b>“Closing Date”</b>                                            | : 4 August 2014, being the last day for the lodgement of acceptances of the Exit Offer and the 14 <sup>th</sup> day after the date of announcement of satisfaction of the Condition (assuming that the Delisting Resolution is approved by Shareholders at the EGM)                                                                                                                                                                                                                                                                      |

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| <b>“Company”</b>                          | : China XLX Fertiliser Ltd., a company incorporated with limited liability as a private company under the laws of Singapore on 17 July 2006 and subsequently converted into a public company on 15 May 2007, and the Shares of which are listed on the Official List of the Mainboard of the SGX-ST and the Main Board of the SEHK |
| <b>“Company Securities”</b>               | : Shares and securities which carry voting rights in the Company and convertible securities, warrants, options or derivatives in respect of, such Shares or securities of the Company                                                                                                                                              |
| <b>“Condition”</b>                        | : The condition in respect of the Exit Offer and the Delisting as set out in Section 2.3 of this Exit Offer Letter                                                                                                                                                                                                                 |
| <b>“Consolidated Group NTA per Share”</b> | : The consolidated net tangible assets per Share of the Group based on the latest published accounts prior to the date of the Circular                                                                                                                                                                                             |
| <b>“Controlling Shareholder”</b>          | : A Shareholder of the Company who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury Shares) (subject to the discretion of the SGX-ST which may nevertheless determine that such a person is not a Controlling Shareholder); or (b) in fact exercises control over the Company |
| <b>“CPF”</b>                              | : Central Provident Fund of Singapore                                                                                                                                                                                                                                                                                              |
| <b>“CPF Agent Banks”</b>                  | : Banks approved by CPF to be its agent banks, namely, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited                                                                                                                                                                                  |
| <b>“CPFIS”</b>                            | : Central Provident Fund Investment Scheme of Singapore                                                                                                                                                                                                                                                                            |
| <b>“CPFIS Investors”</b>                  | : Investors who have purchased Shares using their CPF savings in Singapore                                                                                                                                                                                                                                                         |
| <b>“Date of Receipt”</b>                  | : The date of receipt by CDP, on behalf of the Offeror, of the SG FAA                                                                                                                                                                                                                                                              |
| <b>“Delisting”</b>                        | : The proposed voluntary delisting of the Company from the Official List of the Mainboard of the SGX-ST pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual                                                                                                                                                               |
| <b>“Delisting Proposal”</b>               | : The formal proposal dated 31 March 2014 presented by the Offeror to the Board to seek the Delisting                                                                                                                                                                                                                              |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <b>“Delisting Resolution”</b>  | : The resolution to be approved by Shareholders at the EGM in relation to the Delisting                                                                                                                                                                                                                                                                                                                                             |
| <b>“Directors”</b>             | : The directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Distributions”</b>         | : Dividends, rights and other distributions in respect of Shares, including the 2013 Final Dividend                                                                                                                                                                                                                                                                                                                                 |
| <b>“EGM”</b>                   | : The extraordinary general meeting of the Company to be convened for Shareholders to approve the Delisting Resolution                                                                                                                                                                                                                                                                                                              |
| <b>“Electronic Acceptance”</b> | : The SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents                                                                                                                                                                                                                                                                                                   |
| <b>“Encumbrances”</b>          | : Any claim, lien, equity, mortgage, charge, encumbrance, right of pre-emption and other third party right and interest of any nature whatsoever                                                                                                                                                                                                                                                                                    |
| <b>“Executive”</b>             | : The Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director                                                                                                                                                                                                                                                                                                                     |
| <b>“Exit Offer”</b>            | : The conditional cash exit offer to be made by the Joint Financial Advisers for and on behalf of the Offeror for the Offer Shares                                                                                                                                                                                                                                                                                                  |
| <b>“Exit Offer Facility”</b>   | : The facility granted to the Offeror by CITIC Securities Brokerage (HK) Limited pursuant to the facility agreement dated 31 March 2014 entered into between the Offeror and CITIC Securities Brokerage (HK) Limited                                                                                                                                                                                                                |
| <b>“Exit Offer Letter”</b>     | : This letter dated 18 June 2014 setting out, amongst other things, details of the Exit Offer (including the expected timetable and terms of the Exit Offer), together with the relevant form(s) of acceptance which is issued by the Joint Financial Advisers, for and on behalf of the Offeror, to all the Shareholders in connection with the Exit Offer in accordance with the Singapore Takeover Code and the HK Takeover Code |
| <b>“Exit Offer Price”</b>      | : S\$0.40 for each Offer Share <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“FY”</b>                    | : Financial year ended 31 December                                                                                                                                                                                                                                                                                                                                                                                                  |

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<sup>1</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

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| <b>“Go Power”</b>                          | : Go Power Investments Limited, a company incorporated in the BVI the beneficial interests in which are held by (i) Ms. Yan; (ii) certain current and past employees; and (iii) certain past and present customers/suppliers of the Group, and which is controlled pursuant to trust confirmations by Ms. Yan |
| <b>“Group”</b>                             | : The Company, its subsidiaries and associated companies                                                                                                                                                                                                                                                      |
| <b>“HK Branch Register”</b>                | : The register of members of the Company in Hong Kong                                                                                                                                                                                                                                                         |
| <b>“HK Branch Registered Shareholders”</b> | : Shareholders whose Shares are held under their own names on the HK Branch Register                                                                                                                                                                                                                          |
| <b>“HK FAT”</b>                            | : Form of Acceptance and Transfer for Offer Shares, applicable to HK Branch Registered Shareholders, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are registered on the HK Branch Register                                                               |
| <b>“HK Listing Rules”</b>                  | : The rules governing the listing of securities on the Main Board of the SEHK                                                                                                                                                                                                                                 |
| <b>“HK Takeover Code”</b>                  | : The Code on Takeovers and Mergers of Hong Kong                                                                                                                                                                                                                                                              |
| <b>“HKSCC”</b>                             | : Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited                                                                                                                                                                                        |
| <b>“HK\$”</b>                              | : Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                                         |
| <b>“Hong Kong”</b>                         | : The Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                      |
| <b>“IFA”</b>                               | : ING Bank N.V., the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to, amongst others, the Exit Offer and the Delisting pursuant to the HK Takeover Code and Singapore Takeover Code                                                           |

|                                        |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <b>“Independent Board Committee”</b>   | : | The independent committee of the Board established pursuant to Rule 2.1 of the HK Takeover Code comprising all the non-executive Directors, namely, Messrs Li Shengxiao, Lian Jie, Ong Wei Jin and Ong Kian Guan, to advise and make its recommendation on the Exit Offer and the Delisting to the Independent Shareholders, whereby the above-mentioned Directors who constitute the Independent Board Committee are the same Directors who are considered independent under the Singapore Takeover Code for the purposes of making a recommendation to Independent Shareholders in respect of the Exit Offer and the Delisting |
| <b>“Independent Shareholders”</b>      | : | All Shareholders other than the Relevant Persons and the Undertaking Shareholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Joint Offer Announcement”</b>      | : | The joint announcement dated 31 March 2014 issued by the Offeror and the Company in relation to the Exit Offer and the Delisting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Joint Offer Announcement Date”</b> | : | 31 March 2014, being the date of the Joint Offer Announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Joint Financial Advisers”</b>      | : | CITIC Securities and CLSA Singapore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Last Traded Day”</b>               | : | 6 December 2013, being the last Business Day on which the Shares were traded on the SGX-ST and the SEHK prior to the Possible Offer Announcement Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Latest Exchange Rate”</b>          | : | The exchange rate of S\$1.00 to HK\$6.2075 as extracted from Bloomberg L.P., on the Latest Practicable Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Latest Practicable Date”</b>       | : | 13 June 2014, being the latest practicable date prior to the printing of this Exit Offer Letter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Long-Stop Date”</b>                | : | 31 August 2014, being the latest date for satisfaction of the Condition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Mr. Liu”</b>                       | : | Mr. Liu Xingxu, the Chairman, Chief Executive Officer and executive Director of the Company and who is also the sole director of the Offeror                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Ms. Yan”</b>                       | : | Ms. Yan Yunhua, the Chief Financial Officer and executive Director of the Company and who is also the sole director of Go Power                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“NTA”</b>                           | : | Net tangible assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                                 |   |                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Offer Period”</b>                           | : | The period commencing on the Possible Offer Announcement Date and ending on the date the Exit Offer is declared to have closed or lapsed                                                                                                                                                                                         |
| <b>“Offer Settlement Date”</b>                  | : | The date on which the Offeror is registered as Shareholder of any Offer Shares tendered in acceptance of the Exit Offer by Shareholders                                                                                                                                                                                          |
| <b>“Offer Shares”</b>                           | : | Shares in respect of which the Exit Offer is made (excluding all new Shares which may be issued pursuant to the valid conversion of any Bonds prior to the close of the Exit Offer), other than (i) those Shares already owned, controlled or agreed to be acquired by the Offeror Concert Group and (ii) the Undertaking Shares |
| <b>“Offeror”</b>                                | : | Pioneer Top Holdings Limited, a company incorporated in the BVI, which is owned as to 42% by Mr. Liu and the remaining 58% is held by Mr. Liu on trust for seven individual beneficiaries                                                                                                                                        |
| <b>“Offeror Concert Group”</b>                  | : | The Offeror, Mr. Liu, Ms. Yan and Go Power                                                                                                                                                                                                                                                                                       |
| <b>“Overseas Shareholders”</b>                  | : | Shareholders whose addresses as shown in the Singapore Register, the records of CDP or the HK Branch Register are outside of Singapore and/or Hong Kong                                                                                                                                                                          |
| <b>“Placing Agreement”</b>                      | : | The placing agreement dated 31 March 2014 entered into between the Offeror and CITIC Securities in respect of the placing by CITIC Securities of any Shares acquired by the Offeror pursuant to the Exit Offer (as further described in Sections 8 and 9 of this Exit Offer Letter)                                              |
| <b>“Possible Offer Announcement Date”</b>       | : | 11 December 2013, being the date on which the Company and the Offeror jointly issued the announcement in relation to the possible Exit Offer and the possible Delisting                                                                                                                                                          |
| <b>“PRC”</b>                                    | : | The People’s Republic of China, which, for the purposes of this Exit Offer, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                                                                                                                                                                    |
| <b>“Principal Share Registrar in Singapore”</b> | : | Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), the principal share registrar of the Company in Singapore                                                                                                                                                                               |

|                                |                                                                                                                                                                                                                                                 |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Record Date”</b>           | : In relation to any Distributions (including the 2013 Final Dividend), the date on which Shareholders must be registered with the Company, CCASS or with CDP (as the case may be) in order to be entitled to such Distributions                |
| <b>“Reference Period”</b>      | : The period commencing on the date falling 6 months prior to the Possible Offer Announcement Date and ending on the Latest Practicable Date                                                                                                    |
| <b>“Relevant Persons”</b>      | : The Offeror and parties acting in concert with it                                                                                                                                                                                             |
| <b>“RMB”</b>                   | : Renminbi, the lawful currency of the PRC                                                                                                                                                                                                      |
| <b>“Securities Account”</b>    | : A securities account maintained by a Depositor with CDP but does not include a securities sub-account                                                                                                                                         |
| <b>“SEHK”</b>                  | : The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                       |
| <b>“SFC”</b>                   | : The Securities and Futures Commission of Hong Kong                                                                                                                                                                                            |
| <b>“SFO”</b>                   | : The Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)                                                                                                                                                                         |
| <b>“SG FAA”</b>                | : Form of Acceptance and Authorisation for Offer Shares, applicable to Depositors, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP                                     |
| <b>“SG FAT”</b>                | : Form of Acceptance and Transfer for Offer Shares, applicable to Singapore Registered Shareholders, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are registered on the Singapore Register |
| <b>“SGX-ST”</b>                | : Singapore Exchange Securities Trading Limited                                                                                                                                                                                                 |
| <b>“SGX-ST Listing Manual”</b> | : The main board rules of the listing manual of the SGX-ST                                                                                                                                                                                      |
| <b>“Shareholders”</b>          | : Holders of the Shares as indicated on the Singapore Register, the HK Branch Register and Depositors who have Shares entered against their names in the Depository Register                                                                    |
| <b>“Shares”</b>                | : Ordinary shares in the issued and paid-up capital of the Company                                                                                                                                                                              |

|                                                  |   |                                                                                                                                                                                                                                                                |
|--------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Shares Undertakings”</b>                     | : | The irrevocable undertakings dated 31 March 2014 provided by each Undertaking Shareholder to the Offeror, as more particularly described in Section 6 of this Exit Offer Letter                                                                                |
| <b>“SIC”</b>                                     | : | The Securities Industry Council of Singapore                                                                                                                                                                                                                   |
| <b>“Singapore Companies Act”</b>                 | : | The Companies Act of Singapore, Chapter 50 of Singapore                                                                                                                                                                                                        |
| <b>“Singapore Financial Reporting Standards”</b> | : | Singapore Financial Reporting Standards (which include all Singapore Financial Reporting Standards and Singapore Financial Reporting Interpretations) issued by the Singapore Accounting Standards Council                                                     |
| <b>“Singapore Register”</b>                      | : | The register of members of the Company in Singapore                                                                                                                                                                                                            |
| <b>“Singapore Registered Shareholders”</b>       | : | Shareholders whose Shares are held under their own names on the Singapore Register                                                                                                                                                                             |
| <b>“Singapore Takeover Code”</b>                 | : | The Singapore Code on Take-overs and Mergers                                                                                                                                                                                                                   |
| <b>“S\$”</b>                                     | : | Singapore dollars, the lawful currency of the Republic of Singapore                                                                                                                                                                                            |
| <b>“Undertaking Bonds”</b>                       | : | An aggregate principal amount of RMB324,366,153.50 of the outstanding Bonds held by the Bondholder which are convertible into 176,000,000 Shares based on the prevailing conversion price of approximately RMB1.84 per Share as at the Latest Practicable Date |
| <b>“Undertaking Persons”</b>                     | : | The persons set out in <b>Appendix 1</b> to this Exit Offer Letter, comprising the Undertaking Shareholders and the Bondholder                                                                                                                                 |
| <b>“Undertaking Shareholders”</b>                | : | Certain Shareholders who have provided irrevocable undertakings to the Offeror in connection with the Exit Offer and the Delisting, whose particulars are set out in <b>Appendix 1</b> to this Exit Offer Letter                                               |
| <b>“Undertaking Shares”</b>                      | : | An aggregate of 385,809,000 Shares held by the Undertaking Shareholders                                                                                                                                                                                        |
| <b>“Undertakings”</b>                            | : | The Shares Undertakings and the Bonds Undertaking                                                                                                                                                                                                              |
| <b>“United States” or “US”</b>                   | : | The United States of America                                                                                                                                                                                                                                   |
| <b>“US\$”</b>                                    | : | US dollars, the lawful currency of US                                                                                                                                                                                                                          |

**“VWAP”** : The volume-weighted average price of the Shares on the SGX-ST

**“%”** : Percentage or per centum

**Acting in Concert.** The term **“acting in concert”** shall have the meaning ascribed to it in the Singapore Takeover Code and/or the HK Takeover Code, as the case may be.

**Announcements and Notices.** References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by the Joint Financial Advisers or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, facsimile or otherwise of an announcement to the SGX-ST and the SEHK. An announcement made otherwise than to the SGX-ST and the SEHK shall be notified simultaneously to the SGX-ST and the SEHK.

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

**English Version Prevails.** In the event of any inconsistency between the English version of this Exit Offer Letter (including the Acceptance Forms) and the Chinese version of this Exit Offer Letter (including the Acceptance Forms), the English version shall prevail.

**Exit Offer Letter.** References to **“Exit Offer Letter”** shall include the Acceptance Forms, unless the context otherwise requires.

**Genders.** Words importing the singular shall, where applicable, include the plural and vice versa. 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.

**Headings.** The headings in this Exit Offer Letter are inserted for convenience only and shall be ignored in construing this Exit Offer Letter.

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

**Shareholders.** References to **“you”**, **“your”** and **“yours”** in this Exit Offer Letter are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Exit Offer Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Singapore Companies Act, the Singapore Takeover Code, the SGX-ST Listing Manual, the SFO, the HK Takeover Code and the HK Listing Rules or any modification thereof and used in this Exit Offer Letter shall, where applicable, have the meaning assigned to that word under the Singapore Companies Act, the Singapore Takeover Code, the SGX-ST Listing Manual, the SFO, the HK Takeover Code and the HK Listing Rules or any modification thereof, as the case may be, unless the context otherwise requires.

**Subsidiary and Related Corporation.** References to **“subsidiary”** and **“related corporation”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Singapore Companies Act.

**Time and Date.** Any reference to a time of the day and date in this Exit Offer Letter shall be a reference to Hong Kong and Singapore time and date, unless otherwise stated.

**Total number of issued Shares.** References in this Exit Offer Letter to the total number of issued Shares are based on 1,000,000,000 Shares in issue as at the Latest Practicable Date (based on a search conducted at ACRA on such date). As at the Latest Practicable Date, the Company did not hold any Shares in treasury.

**Notice to US holders of Shares:**

The Exit Offer will be made for the securities of a company incorporated in Singapore and is subject to Hong Kong and Singapore disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with Singapore Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Exit Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the SGX-ST Listing Manual, the Singapore Takeover Code and the HK Takeover Code. Accordingly, the Exit Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Exit Offer by a US holder of the Shares may be a taxable transaction for US federal income tax purposes and under applicable state, local, foreign and other tax laws. Each holder of the Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the Exit Offer.

It may be difficult for US holders of the Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in countries other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of the Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

All statements other than statements of historical facts included in this Exit Offer Letter are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders, the Bondholder or other holders of Company Securities and investors of the Company and/or any other person should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Joint Financial Advisers undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and the SEHK and/or any other regulatory or supervisory body or agency.

## INDICATIVE TIMETABLE

|                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of despatch of this Exit Offer Letter and the Circular              | : 18 June 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Date and time of the EGM                                                 | : 11.00 a.m. (Hong Kong and Singapore time) on 21 July 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Date of announcement of the satisfaction of the Condition <sup>(1)</sup> | : No later than 7.00 p.m. (Hong Kong and Singapore time) on 21 July 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Closing time and date of the Exit Offer <sup>(1)</sup>                   | : 4.00 p.m. (Hong Kong and Singapore time) on 4 August 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Expected announcement of results of the Exit Offer                       | : No later than 7.00 p.m. (Hong Kong and Singapore time) on 4 August 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Settlement of consideration for valid acceptances of the Exit Offer      | : (a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received <b>on or before</b> the date on which the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, as soon as possible but in any event within the earlier of seven (7) Business Days and ten (10) calendar days of the date on which the Exit Offer becomes unconditional; or<br><br>(b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, but on or before the Closing Date, as soon as possible but in any event within the earlier of seven (7) Business Days and ten (10) calendar days of the date of such receipt. |

**Note:**

- (1) Assuming that the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance for a period of 14 days after the date of the announcement of the satisfaction of the Condition.



**中信証券國際**  
CITIC Securities International

**CITIC SECURITIES CORPORATE FINANCE  
(HK) LIMITED**

*(Incorporated in the Hong Kong Special Administrative  
Region of the People's Republic of China)*

Registered address: 26/F, CITIC Tower, 1 Tim Mei Avenue,  
Central, Hong Kong



A CITIC Securities Co.

**CLSA SINGAPORE PTE LTD**

*(Incorporated in Singapore)*

Registered address: 80 Raffles Place, #18-01  
UOB Plaza 1, Singapore 048624

18 June 2014

To: The Shareholders of China XLX Fertiliser Ltd.

Dear Sir / Madam,

**PROPOSED VOLUNTARY DELISTING OF CHINA XLX FERTILISER LTD. – EXIT OFFER LETTER**

**1. INTRODUCTION**

**1.1 Delisting Proposal**

On the Joint Offer Announcement Date, the Offeror and the Company jointly announced that the Offeror had presented to the Board the Delisting Proposal to seek the Delisting pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual.

In connection with the Delisting and subject to the terms and conditions of this Exit Offer Letter, the Joint Financial Advisers, for and on behalf of the Offeror, are making the Exit Offer to acquire all the issued Shares, other than those already owned, controlled or agreed to be acquired by the Offeror Concert Group, the Undertaking Shares and the Undertaking Bonds.

**1.2 EGM**

The Company will be convening the EGM in due course to seek the approval of Shareholders for the Delisting.

**1.3 Exit Offer Letter**

This Exit Offer Letter contains the terms and conditions of the Exit Offer. The Exit Offer may only be accepted by the relevant Shareholder to whom this Exit Offer Letter is addressed. This Exit Offer Letter, together with the Acceptance Forms, are despatched to you by the Joint Financial Advisers, for and on behalf of the Offeror.

Please note that the Exit Offer and the Delisting are conditional upon the satisfaction of the Condition on or before the Long-Stop Date. If such Condition is not satisfied on or before the Long-Stop Date, the Delisting will not proceed and the Exit Offer will lapse. Please refer to Section 2 of this Exit Offer Letter for further details on the Exit Offer.

**1.4 Circular**

The Circular issued by the Company to Shareholders in relation to the Exit Offer and the Delisting is despatched together with this Exit Offer Letter and the relevant Acceptance Forms. Electronic copies of the Circular and this Exit Offer Letter are also available on the websites of the SGX-ST, the SEHK, the SFC and the Company at <http://www.sgx.com>, <http://www.hkex.com.hk>, <http://www.sfc.hk> and <http://www.chinaxlx.com.hk>.

## 1.5 Caution

Please read this Exit Offer Letter carefully in its entirety and in conjunction with the Circular, which sets out (a) the advice of the IFA to the Independent Board Committee in relation to the Exit Offer and the Delisting; and (b) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Exit Offer and the Delisting.

## 2. THE EXIT OFFER

### 2.1 Terms of the Exit Offer

Subject to the satisfaction of the Condition, the Joint Financial Advisers, for and on behalf of the Offeror, will make the Exit Offer in cash for all the Offer Shares.

- (a) The Exit Offer will be made on the following basis:

**The Exit Offer Price will be S\$0.40<sup>2</sup> in cash for each Offer Share.**

**The Offeror does not intend to increase the Exit Offer Price.**

The Exit Offer Price shall be applicable to any number of Offer Shares that are validly tendered in acceptance of the Exit Offer.

For the avoidance of doubt, in respect of valid acceptances of the Exit Offer by Shareholders whose Shares are registered on the HK Branch Register, while the consideration payable for valid acceptances will be determined based on the Exit Offer Price in Singapore dollars, the actual payment for valid acceptances by such Shareholders will be made in Hong Kong dollars using (i) such exchange rate of Hong Kong dollars for the Exit Offer Price at the time of payment as may be available to and confirmed by the Offeror's processing agent for the Exit Offer in Hong Kong as the prevailing exchange rate; and (ii) HK\$0.0774, being the actual Hong Kong dollar amount of the 2013 Final Dividend.

- (b) The Offer Shares will be acquired fully paid and free from all Encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Offer Announcement Date and hereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Joint Offer Announcement Date.

### 2.2 Adjustments for 2013 Final Dividend

As mentioned in the Joint Offer Announcement, without prejudice to the generality of the foregoing, the Exit Offer Price<sup>2</sup> has been determined on the basis that the Offer Shares will be acquired together with the right to receive any Distributions (if any), the Record Date for which falls on or after the Joint Offer Announcement Date. As the 2013 Final Dividend Record Date fell after the Joint Offer Announcement Date but prior to the date of this Exit Offer Letter (and accordingly, the Offeror is not entitled to receive such 2013 Final Dividend from the Company), the amount per Offer Share payable to a Shareholder who validly accepts the Exit Offer shall be reduced by the amount per Share of the 2013 Final Dividend.

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<sup>2</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

Accordingly, due to the payment of the 2013 Final Dividend in the period between the Joint Offer Announcement Date and the Offer Settlement Date, accepting Shareholders will receive for every Offer Share tendered in acceptance of the Exit Offer an amount equal to the Exit Offer Price less the amount per Share of the 2013 Final Dividend, being:

- (a) for each Offer Share in respect of Shares held on the Depository Register and on the Singapore Register, S\$0.388; and
- (b) for each Offer Share in respect of Shares held on the HK Branch Register, the Hong Kong dollar amount of the Exit Offer Price (calculated using such exchange rate of Hong Kong dollars for the Exit Offer Price at the time of payment as may be available to and confirmed by the Offeror's processing agent for the Exit Offer in Hong Kong as the prevailing exchange rate) less HK\$0.0774 (being the actual Hong Kong dollar amount per Share of the 2013 Final Dividend).

*For the purpose of illustration only, using the Latest Exchange Rate, the Hong Kong dollar amount of the Exit Offer Price after the adjustment for the 2013 Final Dividend will be HK\$2.4056.*

### 2.3 Condition of the Exit Offer and the Delisting

The Exit Offer and the Delisting are subject to satisfaction of the following Condition by no later than the Long-Stop Date:

- (a) the Delisting Resolution being approved by a majority of at least 75% of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the Directors and Controlling Shareholders of the Company need not abstain from voting on the Delisting Resolution); and
- (b) the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

The Exit Offer will **not** be conditional upon a minimum number of acceptances being received by the Offeror for the Exit Offer to become or be capable of being declared unconditional as to acceptances. If the Condition has not been satisfied by the Long-Stop Date, the Exit Offer will lapse and the Delisting will not proceed.

As at the Latest Practicable Date, the Offeror Concert Group, which owns an aggregate of 649,428,000 Shares, representing approximately 64.94% of the total issued Shares, is entitled to and intends to vote all of their Shares in favour of the Delisting Resolution at the EGM. In addition, pursuant to the Shares Undertakings, the Undertaking Shareholders (save for Go Power, Mr. Liu and Ms. Yan, who are also members of the Offeror Concert Group) have, *inter alia*, undertaken to vote an aggregate of 87,175,000 Shares, representing approximately 8.72% of the total issued Shares, in favour of the Delisting Resolution at the EGM. Further details on the Shares Undertakings are set out in Section 6.1 of this Exit Offer Letter.

### 2.4 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares.

Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances will be conditional upon satisfaction of the Condition on or before the

Long-Stop Date. If the Condition is not satisfied on or before the Long-Stop Date, the Exit Offer will lapse, all acceptances of the Exit Offer will be returned, the Delisting will not proceed and the Offeror will cease to be bound by any prior acceptances of the Exit Offer. The Offer Shares in respect of which acceptances have been received will be returned to the relevant Shareholders in accordance with the procedures set out in this Exit Offer Letter.

## **2.5 Warranty by accepting Shareholder**

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty to the Offeror and the Joint Financial Advisers by the accepting Shareholder that each Offer Share in respect of which the Exit Offer is accepted and is sold by the accepting Shareholder as, or on behalf of, the beneficial owner(s) thereof, will be fully paid and free from all Encumbrances, and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Offer Announcement Date, and thereafter attaching thereto, including the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Joint Offer Announcement Date.

## **2.6 Commencement and Duration of the Exit Offer**

The Exit Offer is open for acceptance from the date of despatch of this Exit Offer Letter to Shareholders. The Circular has been despatched to the Shareholders on the same day as this Exit Offer Letter. Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances will be conditional upon the Delisting Resolution being passed at the EGM. If the Delisting Resolution is not passed at the EGM, the Condition will not be satisfied, the Exit Offer will lapse and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

The Exit Offer is required to remain open for acceptance for a period of at least 21 days following the date of despatch of this Exit Offer Letter pursuant to Rule 15.1 of the HK Takeover Code. If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance for a period of 14 days after the date of announcement of the satisfaction of the Condition. Accordingly, the Exit Offer will close at **4.00 p.m. (Hong Kong and Singapore time) on 4 August 2014.**

**The Offeror has no intention of extending the Exit Offer beyond 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date. Notice is hereby given that the Exit Offer will not be open for acceptance beyond 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.**

## **2.7 Settlement of consideration**

Settlement of consideration in respect of acceptances of the Exit Offer will be made as soon as possible but in any event within (i) seven (7) Business Days or (ii) ten (10) calendar days (whichever is the earlier), of the date on which:

- (a) a complete and valid acceptance in respect of the Exit Offer is received; or
  - (b) the Condition has been satisfied,
- whichever is later.

## **2.8 No comparable offer for the Bonds**

The Offeror has applied to the SIC for an exemption from having to make a comparable offer for the Bonds under Rule 19 of the Singapore Takeover Code and as set out in

Section 3(d) of this Exit Offer Letter, the SIC has ruled, amongst other things, that in view of the Bonds Undertaking, there is no requirement for the Offeror to make any equivalent Exit Offer for the Bonds under the Singapore Takeover Code.

## **2.9 Voting at the EGM**

The Offeror is making the Exit Offer in order to facilitate the Delisting and accordingly, the Exit Offer is conditional upon the Delisting Resolution being approved by Shareholders at the EGM. Shareholders may vote all or any number of Shares held by them for or against the Delisting Resolution, regardless of whether or not they wish to accept the Exit Offer.

- (a) Shareholders who support the Delisting and wish to retain their Shares (which will continue to be listed on the SEHK) may vote in favour of the Delisting Resolution at the EGM and reject the Exit Offer;
- (b) Shareholders who support the Delisting but wish to sell their Shares (although such Shares will continue to be listed on the SEHK) may vote in favour of the Delisting Resolution at the EGM and accept the Exit Offer;
- (c) Shareholders who do not support the Delisting and wish to retain their Shares may abstain from voting on or vote against the Delisting Resolution at the EGM and reject the Exit Offer; and
- (d) Shareholders who do not support the Delisting but wish to sell their Shares in the event that the Delisting Resolution is approved may abstain from voting on or vote against the Delisting Resolution and accept the Exit Offer.

**Shareholders should note that the Delisting is not a privatisation exercise. In the event that the Delisting Resolution is approved by Shareholders at the EGM, the Company will delist the Shares from the SGX-ST but maintain the primary listing of the Shares on the SEHK.**

Shareholders who wish to retain their Shares and reject the Exit Offer do not need to take any action. Shareholders who wish to sell their Shares and accept the Exit Offer should complete, sign and return the relevant Acceptance Form. Please refer to Section 17 of this Exit Offer Letter for further details.

## **3. RULINGS AND CONFIRMATIONS FROM THE SIC**

Pursuant to an application made by the Offeror to the SIC, the SIC has ruled as follows:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Singapore Takeover Code:
  - (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it has been revised;
  - (ii) Rule 22 on the offer timetable;
  - (iii) Rule 28 on acceptances; and
  - (iv) Rule 29 on the right of acceptors to withdraw their acceptances, subject to the following conditions:
    - (A) disclosure in the Circular of:
      - (I) the Consolidated Group NTA per Share; and
      - (II) particulars of all known material changes as of the Latest Practicable Date which may affect the Consolidated Group NTA per Share or a statement that there are no such known material changes; and

- (B) the Exit Offer being kept open for at least:
  - (I) 21 days after despatch of the Exit Offer Letter by the Offeror if the Exit Offer Letter is despatched after Shareholders' approval of the Delisting Resolution; or
  - (II) 14 days after the announcement of Shareholders' approval of the Delisting Resolution if the Exit Offer Letter is despatched together with the Circular;
- (b) the Undertaking Shareholders are not regarded as parties acting in concert with the Offeror Concert Group for the purposes of the Exit Offer solely by virtue of the Shares Undertakings executed by them;
- (c) the Bondholder is not regarded as a party acting in concert with the Offeror Concert Group for the purposes of the Exit Offer solely by virtue of the Bonds Undertaking executed by the Bondholder;
- (d) in view of the Bonds Undertaking, there is no requirement for the Offeror to make any equivalent Exit Offer for the Bonds under the Singapore Takeover Code;
- (e) the financial confirmation to be given by the financial adviser to the Offeror pursuant to Rule 3.5 of the Singapore Takeover Code that sufficient resources are available to the Offeror to satisfy acceptances of the Exit Offer may exclude (i) the Shares held by the Offeror Concert Group and the Undertaking Shareholders, (ii) the Shares that may be issued pursuant to a conversion of all the Bonds; and
- (f) Mr. Liu, Mr. Li Buwen and Ms. Yan are exempted from the requirement to make a recommendation on the Exit Offer to Shareholders as they face irreconcilable conflicts of interest in doing so, being concert parties of the Offeror. Mr. Liu, Mr. Li Buwen and Ms. Yan must, nonetheless, still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

#### **4. INFORMATION ON THE OFFEROR CONCERT GROUP**

##### **4.1 Information on the Offeror**

- (a) The Offeror is a company incorporated in the BVI on 23 May 2006. Its registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI. The principal activities of the Offeror are those of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued share capital of US\$1.00 comprising 1 ordinary share. The sole director of the Offeror is Mr. Liu, who is also the Chairman, Chief Executive Officer and executive Director of the Company. As at the Latest Practicable Date, the Offeror owns an aggregate of 350,794,000 Shares, representing approximately 35.08% of the total issued Shares and Mr. Liu owns 600,000 Shares, representing approximately 0.06% of the total issued Shares.
- (b) As at the Latest Practicable Date, the Offeror is owned as to 42% by Mr. Liu and the remaining 58% is held by Mr. Liu on trust for seven beneficiaries, namely:
  - (i) Mr. Li Buwen, the Company's executive director, who owns 16% of the equity interest in the Offeror;
  - (ii) Mr. Li Yushun, a member of the senior management of the Company, who owns 7% of the equity interest in the Offeror;

- (iii) Mr. Ru Zhengtao, a member of the senior management of the Company, who owns 7% of the equity interest in the Offeror;
- (iv) Mr. Wang Nairen, a member of the senior management of the Company, who owns 7% of the equity interest in the Offeror;
- (v) Mr. Zhang Qingjin, a member of the senior management of the Company, who owns 7% of the equity interest in the Offeror;
- (vi) Mr. Zhu Xingye, an ex-employee of the Company, who owns 7% of the equity interest in the Offeror; and
- (vii) Mr. Shang Dewei, an employee of the Company, who owns 7% of the equity interest in the Offeror.

Pursuant to a trust agreement, Mr. Liu has the absolute discretion to exercise the voting rights held by the Offeror in the Company.

- (c) As at the Latest Practicable Date, save as disclosed in Section 4.1(a) above, each of the Offeror and Mr. Liu does not own and has not entered into any agreement to acquire any Shares or convertible securities issued by the Company.

Please refer to **Appendix 4** to this Exit Offer Letter for further details relating to the Offeror.

## **4.2 Information on Go Power**

- (a) Go Power is a company incorporated in the BVI on 18 May 2006. Its registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI. The principal activities of Go Power are those of an investment holding company. As at the Latest Practicable Date, Go Power has an issued share capital of US\$1.00 comprising 1 ordinary share. The sole director of Go Power is Ms. Yan, who is also the Chief Financial Officer and executive Director of the Company. As at the Latest Practicable Date, Go Power owns an aggregate of 297,734,000 Shares, representing approximately 29.77% of the total issued Shares and Ms. Yan owns 300,000 Shares, representing approximately 0.03% of the total issued Shares.
- (b) As at the Latest Practicable Date, Go Power is owned as to 12.74% by Ms. Yan and the remaining 87.26% is held by Ms. Yan on trust for 1,463 beneficiaries. Pursuant to a trust confirmation, Ms. Yan has the absolute discretion to exercise the voting rights held by Go Power in the Company.
- (c) As at the Latest Practicable Date, save as disclosed in Section 4.2(a) above, each of Go Power and Ms. Yan does not own and has not entered into any agreement to acquire any Shares or convertible securities issued by the Company.

## **4.3 Aggregate holdings of the Offeror Concert Group**

As at the Latest Practicable Date, the Offeror Concert Group has an aggregate interest in 649,428,000 Shares, representing approximately 64.94% of the total number of issued Shares. Please refer to Section 14 below for details of the Company Securities owned or controlled by the Offeror Concert Group.

## **5. INFORMATION ON THE COMPANY**

- 5.1** The Company is incorporated in Singapore and is dual primary listed on the Official List of the Mainboard of the SGX-ST and on the Main Board of the SEHK.

**5.2** The Group is mainly engaged in the manufacturing and sale of urea, compound fertiliser and methanol in the PRC. The Group is currently one of the largest and most cost-efficient manufacturers of coal-based urea and compound fertilisers in the PRC and is strategically located in Henan, which is one of the largest agricultural provinces in the PRC.

**5.3** The following information is extracted from the audited consolidated income statements of the Company for the financial year ended 31 December 2013 and the unaudited consolidated income statement of the Company for 1QFY2014:

|                                                  | <b>For FY2013<br/>RMB'000<br/>(audited)</b> | <b>For 1QFY2014<br/>RMB'000<br/>(unaudited)</b> |
|--------------------------------------------------|---------------------------------------------|-------------------------------------------------|
| Revenue                                          | 3,968,946                                   | 1,269,632                                       |
| Profit before income tax                         | 311,623                                     | 57,947                                          |
| Profit for the year attributable to Shareholders | 264,052                                     | 48,209                                          |

**5.4** As at the Latest Practicable Date:

- (a) the Company has an issued and paid-up share capital of 1,000,000,000 Shares and save for the Bonds, does not have any other outstanding options, rights, warrants or other instruments convertible into, exercisable for or redeemable with, any Shares;
- (b) the Company does not have any treasury Shares; and
- (c) the Directors are Mr. Liu Xingxu (Chairman, Chief Executive Officer and executive Director), Ms. Yan Yunhua (Chief Financial Officer and executive Director), Mr. Li Bu Wen (executive Director), Mr. Li Shengxiao (independent non-executive Director), Mr. Lian Jie (non-executive Director), Mr. Ong Wei Jin (independent non-executive Director) and Mr. Ong Kian Guan (lead independent non-executive Director).

## **6. UNDERTAKINGS**

### **6.1 Shares Undertakings**

- (a) As at the Latest Practicable Date, the Undertaking Shareholders (whose particulars are set out in **Appendix 1** to this Exit Offer Letter) have provided irrevocable undertakings to the Offeror whereby each Undertaking Shareholder has irrevocably undertaken, amongst other things:
  - (i) to exercise or procure the exercise of the voting rights attached to their Shares to vote in favour of the Delisting Resolution at the EGM;
  - (ii) not to accept the Exit Offer in respect of all or any of their Shares; and
  - (iii) not to, prior to the close or withdrawal of the Exit Offer, directly or indirectly (and whether beneficially, legally or otherwise), (i) offer, sell, give, transfer, pledge, encumber, charge, or grant any option or other right over or otherwise dispose of or deal with any of their Shares or any interest therein; (ii) enter into any swap or other arrangement that transfers to another party in whole or in part any of the legal, beneficial or economic consequences of ownership of, any of their Shares or any interest therein; (iii) subject any of their Shares to any Encumbrance; or (iv) enter into any agreement with a view to effecting any of the foregoing.

- (b) The Shares Undertakings will expire and cease to have any effect at the earlier of:
  - (i) the Delisting Resolution not being passed by Shareholders at the EGM;
  - (ii) the Exit Offer having been withdrawn, lapsed or closed; or
  - (iii) six months from the date of the Shares Undertakings.
- (c) As at the Latest Practicable Date, save for the Shares Undertakings, none of the Undertaking Shareholders owns or controls any Company Securities and have not dealt for value in any Company Securities during the Reference Period.
- (d) As at the Latest Practicable Date, other than the Undertaking Shareholders, no other Shareholders have irrevocably undertaken to accept or reject the Exit Offer.

## 6.2 Bonds Undertaking

- (a) As at the Latest Practicable Date, the Bondholder (whose particulars are set out in **Appendix 1** to this Exit Offer Letter) has provided an irrevocable undertaking to the Offeror whereby the Bondholder has irrevocably undertaken, amongst other things:
  - (i) to irrevocably waive its rights to receive any offer for the Bonds under the Singapore Takeover Code and the HK Takeover Code from the Offeror arising from the Exit Offer and the Delisting;
  - (ii) not to exercise the right of conversion or right of redemption attached to the Bonds prior to the close or withdrawal of the Exit Offer; and
  - (iii) not to, prior to the close or withdrawal of the Exit Offer, directly or indirectly (and whether beneficially, legally or otherwise), (A) offer, sell, give, transfer, pledge, encumber, charge, or grant any option or other right over or otherwise dispose of or deal with any of the Bonds or any interest therein; (B) enter into any swap or other arrangement that transfers to another party in whole or in part any of the legal, beneficial or economic consequences of ownership of, any of the Bonds or any interest therein; (C) subject any of the Bonds to any Encumbrance; or (D) enter into any agreement with a view to effecting any of the foregoing.
- (b) The Bonds Undertaking will expire and cease to have any effect at the earlier of:
  - (i) the Delisting Resolution not being passed by Shareholders at the EGM;
  - (ii) the Exit Offer having been withdrawn, lapsed or closed; or
  - (iii) six months from the date of the Bonds Undertaking.
- (c) As at the Latest Practicable Date, save for the Bonds Undertaking, the Bondholder does not own or control any Company Securities and has not dealt for value in any Company Securities during the Reference Period.

## 7. RATIONALE FOR THE DELISTING AND THE EXIT OFFER

The Delisting is proposed by the Offeror and the Company for the following reasons:

- (a) there is currently limited liquidity in the trading of the Shares and having a single listing will consolidate the trading of Shares and is expected to lead to improved liquidity and enhanced Shareholder value;

- (b) the SEHK is geographically of closer proximity to the principal place of business of the Group's operations which are mainly undertaken in the PRC. As such, the Offeror and the Company regard the SEHK as the preferred platform for future fund raising activities (if any) as investors on the SEHK are likely to have greater familiarity with the business of the Group; and
- (c) there will be a reduction in (i) the compliance costs and complexity involved in the Company having to comply with the listing rules and regulations of two stock exchanges, (ii) management resources incurred; and (iii) constraints in operational flexibility.

The Exit Offer is not made by the Offeror with an intention to consolidate control in or to privatise the Company. The Exit Offer is made in connection with the Delisting pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual. The Offeror intends to preserve the listing status of the Company on the Main Board of the SEHK following the completion of the Delisting.

## 8. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror has no intention to (a) propose or introduce any major changes to the businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, in each case, other than in the ordinary course of business.

**The Offeror intends to preserve the listing status of the Company on the Main Board of the SEHK following the completion of the Delisting.** Shareholders should note that the Delisting is not a privatisation exercise and following the completion of the Delisting, the Shares will continue to be listed on the Main Board of the SEHK. The Delisting will not result in the exercise of any right of compulsory acquisition by the Offeror to compulsorily acquire or squeeze-out any minority Shareholders.

Under the HK Listing Rules, in the event that at the close of the Exit Offer, (i) less than the minimum prescribed shareholding percentage applicable to the Company (being 25% of the total issued Shares) is held by the public, (ii) the SEHK believes that a false market exists or may exist in the trading of the Shares, or (iii) that there are insufficient Shares in public hands to maintain an orderly market, the SEHK has the discretion to require suspension of dealings in the Shares.

Pursuant to the Placing Agreement, CITIC Securities has been appointed by the Offeror as sole placing agent to purchase or to procure purchasers to purchase all Shares that may be acquired by the Offeror pursuant to the Exit Offer, subject to certain customary conditions for placings. Whilst the Exit Offer Price is set at S\$0.40<sup>3</sup>, the actual price per Share in HK\$ will fluctuate in accordance with movements in the HK\$:S\$ exchange rate. Accordingly, in order to ensure that Shares sold under the placing are sold at the same price and the gross proceeds of placing will be approximately equal to the total consideration paid by the Offeror for the Shares acquired under the Exit Offer, the price at which the Shares will be placed pursuant to the Placing Agreement will be set at a HK\$ amount per Share equal to the average HK\$ acquisition price per Share under the Exit Offer. Under the Placing Agreement, the average HK\$ acquisition price will be at a price in HK\$ which is equivalent to the mean price per Share in HK\$ paid for the acquisition of the Shares under the Exit Offer (taking into account the actual amount paid in respect of

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<sup>3</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

Shares purchased on the HK Branch Register and the HK\$ equivalent on the day of payment of S\$ amounts paid in respect of Shares purchased on the Singapore Register), and adjusted downwards by the HK\$ amount per Share paid to the Shareholders in respect of any dividends, rights and other distributions in respect of the Shares the Record Date for which falls on or after the Joint Offer Announcement Date but prior to the date of the placing.

Upon satisfaction of the customary conditions for placings, the placing will occur on a date to be agreed between the Offeror and CITIC Securities which falls within the period starting from the Closing Date until the later of the dates which fall (a) one month after the Closing Date; and (b) 21 days after the date upon which any Shares acquired by the Offeror pursuant to the Exit Offer have been deposited in CCASS (or such later date as the Offeror and CITIC Securities may agree in writing).

The Offeror will use the net proceeds of the placing towards repayment of the Exit Offer Facility and related fees and expenses. Assuming completion of the placing, the shareholding of the Offeror and parties acting in concert with it will be restored to their pre-offer shareholding levels of approximately 64.94% of the total number of issued Shares and the public float will be at not less than 25% of the total issued Shares (because, pursuant to the terms of the Placing Agreement, CITIC Securities is obliged to ensure that, upon completion of the placing, sufficient Shares are in public hands (where “public” shall have the same meaning as ascribed to it in the HK Listing Rules) so as not to breach the minimum public float of 25% under paragraph 13.32 of the HK Listing Rules). Purchasers under the placing will not be subject to any lock-up and will be free to trade the placed Shares at any price.

**The Offeror will be using the placing under the Placing Agreement as its principal method of remedying any shortfalls in the level of the Company’s public float required by the HK Listing Rules as a result of a high take-up of the Exit Offer. If the conditions to the placing are not satisfied or waived by 31 December 2014, the placing will not proceed and any breach of the minimum public float requirements as a result of the Exit Offer may not be remedied until the Offeror or the Company takes other appropriate steps to restore the minimum public float.**

Each of the Offeror (in its capacity as a Controlling Shareholder), the Offeror’s sole director, the Company and Go Power as a Controlling Shareholder will undertake to the SEHK (a) to take such other steps as may be appropriate to ensure that sufficient public float exists in the Shares following the completion of the Exit Offer; and (b) to use reasonable endeavours to ensure that the Company will have a sufficiently wide spread of Shareholders and that there will be a genuine open market for the Shares immediately after the placing.

## **9. MAJOR TERMS OF THE PLACING AGREEMENT**

The major terms of the Placing Agreement are as follows. All terms and expressions used in the summary below shall bear the same meanings attributed to them in this Exit Offer Letter unless otherwise stated.

- (a) Date: 31 March 2014
- (b) Parties:
  - (i) Offeror
  - (ii) CITIC Securities, as “**Manager**”

(c) Purchase and Sale

- (i) The Offeror agrees to sell, and the Manager agrees to purchase at its sole discretion as principal or, as sole and exclusive agent of the Offeror, procure third-party purchasers to purchase such number of Shares (the “**Sale Shares**”) as are acquired by the Offeror pursuant to the Exit Offer (the “**Sale**”).
- (ii) The purchase price of the Shares will be a price in Hong Kong dollars which is equivalent to the mean price per Share in HK\$ paid for the acquisition of the Shares under the Exit Offer (taking into account the actual amount paid in respect of Shares purchased on the HK Branch Register and the HK\$ equivalent on the day of payment of S\$ amounts paid in respect of Shares purchased on the Singapore Register), and adjusted downwards by the HK\$ amount per Share paid to the shareholders on the HK Branch Register in respect of any dividends, rights and other distributions in respect of the Shares the Record Date for which falls on or after the Joint Offer Announcement Date but prior to the Sale Closing Date (as defined below) (the “**Purchase Price**”).

(d) Closing of the Sale

- (i) Subject to the satisfaction of the conditions (see below), the closing of the Sale (the “**Sale Closing**”) shall take place on a date (the “**Sale Closing Date**”) agreed between the Offeror and the Manager which shall be as soon as practicable but in any event no earlier than the date upon which the Shares acquired by the Offeror on the Singapore Register (and any other certificated Shares acquired pursuant to the Exit Offer) have been deposited in CCASS in accordance with the Placing Agreement and no later than the later of (a) one month after closing of the Exit Offer; and (b) 21 days after the date upon which the Offeror has deposited all Shares acquired by the Offeror on the Singapore Register (and any other certificated Shares acquired pursuant to the Exit Offer) in CCASS, or such later date as the Offeror and the Manager may agree in writing.

(e) Expenses

- (i) In consideration of the services provided by the Manager under the Placing Agreement, the Offeror and the Manager agree that the Offeror shall pay the Manager on the Sale Closing Date the Offeror’s Hong Kong Stock Exchange trading fee of 0.005%, the Offeror’s Hong Kong Securities and Futures Commission transaction levy of 0.003%, the Offeror’s ad valorem stamp duty at the rate of 0.1%, as may be payable by the Offeror in respect of the sale of the Sale Shares.
- (ii) Each of the Offeror and the Manager shall be responsible for its own expenses, including legal fees and fees of other advisers, incurred in connection with the Placing Agreement, the performance of its obligations under the Placing Agreement and the Sale.
- (iii) The Manager shall be entitled to retain for its own account any brokerage fees and commissions that it may receive from the purchasers.

(f) Conditions

- (i) Sale Closing is conditional upon the following conditions being met, or waived by the Manager in writing:
- (A) there shall not have occurred any liability for breach of, or any event rendering untrue or inaccurate (save to the extent such event would not lead to any liability under the Placing Agreement whereby such breach could not have reasonably been avoided or prevented by the Offeror or the Company (as the case may be) operating the business of the Offeror or the Company (as the case may be) in the ordinary course in the manner in which it had been conducted prior to the date of the Placing Agreement), any of the representations, warranties or undertakings given or made by the Offeror under the Placing Agreement which is material in the context of the transactions contemplated by the Placing Agreement taken as a whole;
  - (B) the Offeror having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be performed or satisfied under the Placing Agreement on or before the Sale Closing Date save to the extent that any such non-compliance or non-satisfaction is not material in the context of the transactions contemplated by the Placing Agreement taken as a whole;
  - (C) trading of any securities of the Company not being suspended on the Stock Exchange of Hong Kong Limited for more than five consecutive trading days (save for such suspension pending the issue by the Company of the announcement of the Sale and any announcement of the suspension of trading in Shares of the Company pending announcement of the Sale or as a consequence of the Delisting or the Exit Offer (including, without limitation, in connection with any breach of minimum public float under the HK Listing Rules));
  - (D) a material disruption in commercial banking securities settlement, payment or clearance services in Hong Kong or Singapore which is material in the context of the transactions contemplated by the Placing Agreement taken as a whole not having occurred and being continuing;
  - (E) (i) there not having occurred any outbreak or escalation of hostilities, declaration of a national emergency or war or calamity or crisis, and (ii) there not having occurred any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions, that, in the Manager's judgment in its sole discretion (acting reasonably), is material and adverse and continuing and which, singly or together with any other event specified in this clause, makes it, in the Manager's judgment in its sole discretion (acting reasonably), impracticable to proceed with the offer, sale or delivery of the Sale Shares on the terms and in the manner contemplated in the Placing Agreement;
  - (F) there not having occurred and being continuing any material adverse change or development (whether or not permanent) involving a material adverse change in the condition, financial or otherwise, or in the earnings or business affairs of the Company and its subsidiaries as a whole, outside of the ordinary course of business; and

- (G) the Exit Offer having become wholly unconditional and subsequently closed.
- (ii) If (i) any of the events set out in paragraphs (f)(i)(C), (D), (E) or (F) above occurs at any time between the date of the Placing Agreement and the Sale Closing Date, and in the Manager's judgement in its sole discretion (acting reasonably) such events are material and adverse and continuing and the occurrence of such event(s) would render it impracticable to proceed with the offer, sale or delivery of the Sale Shares on the terms and in the manner contemplated herein or (ii) any of the conditions set out in paragraphs (f)(i)(A), (B) or (G) above shall not have been fulfilled to the reasonable satisfaction of the Manager or waived by the Manager by 31 December 2014 or such other date as the Offeror and the Manager may agree, the Placing Agreement and the obligations of the Manager hereunder shall cease and terminate.

## 10. COMPULSORY ACQUISITION

- 10.1 Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period that the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those Shares already held by the Offeror, its related corporations or their respective nominees as at the date of the Exit Offer and excluding treasury Shares), the Offeror will be entitled to compulsorily acquire all the Offer Shares from Shareholders who have not accepted the Exit Offer on the same terms as those offered under the Exit Offer.

Pursuant to Rule 2.11 of the HK Takeover Code, except with the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the disinterested shares) made by the Offeror and persons acting in concert with it during the period of four months after the posting of the initial offer document total 90% of the disinterested shares.

**As it is the intention of the Offeror to preserve the primary listing status of the Shares on the Main Board of the SEHK following the completion of the Delisting, the Offeror does not intend to exercise any rights of compulsory acquisition under Section 215(1) of the Singapore Companies Act and Rule 2.11 of the HK Takeover Code respectively.**

- 10.2 In addition, Shareholders who do not accept the Exit Offer have the right under and subject to Section 215(3) of the Singapore Companies Act, to require the Offeror to acquire their Shares at the Exit Offer Price<sup>4</sup> in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit 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 treasury Shares). Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

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<sup>4</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

**11. IMPLICATIONS OF THE DELISTING FOR SHAREHOLDERS REGISTERED ON THE HK BRANCH REGISTER**

If the Delisting were to proceed and if Shareholders registered on the HK Branch Register wish to transfer their Shares to the Singapore Register for any reason, the latest date they may do so is 10 Business Days before the last date of trading of Shares on the SGX-ST.

**12. IMPLICATIONS OF THE DELISTING FOR SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER**

Shareholders who currently trade their Shares on the SGX-ST and who do not accept the Exit Offer will be able to continue trading their Shares on the Main Board of the SEHK subsequent to the completion of the Delisting as their Shares will be automatically transferred, at the Company's cost, from the Singapore Register to the HK Branch Register. The Company will issue new share certificates in respect of such Shareholders' Shares registered on the HK Branch Register and the Branch Share Registrar and Transfer Office in Hong Kong will mail the new share certificates by ordinary post to the mailing addresses of the Shareholders as they appear in the Address Notification Form submitted to the Company, at such Shareholders' own risk. The new share certificates to be issued to such Shareholders are identical to the existing share certificates registered on the HK Branch Register. Such Shareholders' existing share certificates in respect of their Shares registered on the Singapore Register will be automatically cancelled and become invalid for delivery, trading and settlement. Shareholders who have not submitted the Address Notification Form to the Company 3 Business Days before the date of the Delisting will have their new share certificates delivered by ordinary post at their own risk to their registered addresses as set out in the records of the Company and/or CDP. Shareholders will thereafter be able to trade their Shares freely on the Main Board of the SEHK the next trading day after the date of despatch of the new share certificates upon setting up investor participant stock accounts in CCASS with the HKSCC or stock accounts with designated CCASS participants, through brokerage firms in Hong Kong or Singapore which offer such services, and depositing their Shares into CCASS for credit to their investor participant stock accounts or their designated CCASS participant stock accounts thereafter. Further details will be set out in the Circular.

### 13. FINANCIAL ASPECTS OF THE EXIT OFFER

#### 13.1 Premia to Historical Market Prices

The Exit Offer Price<sup>5</sup> represents the following premia / discount over the historical market prices of the Shares on the SGX-ST and the SEHK over various periods:

| <b>Share Prices on the SGX-ST</b>                                                                                                         | <b>Share Price</b> | <b>Premia/<br/>Discount</b>             |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------|
| Last transacted price of the Shares on the SGX-ST as at the Latest Practicable Date                                                       | S\$0.385           | 3.9%                                    |
| Last transacted price of the Shares on the SGX-ST as at the Joint Offer Announcement Date                                                 | S\$0.420           | -4.8%                                   |
| Last transacted price of the Shares on the SGX-ST on 28 March 2014 (being the last traded day prior to the Joint Offer Announcement Date) | S\$0.420           | -4.8%                                   |
| Last transacted price of the Shares on the SGX-ST on 6 December 2013 (being the Last Traded Day)                                          | S\$0.325           | 23.1%                                   |
| VWAP on the SGX-ST for the one-month period up to and including the Last Traded Day                                                       | S\$0.310           | 28.9%                                   |
| VWAP on the SGX-ST for the three-month period up to and including the Last Traded Day                                                     | S\$0.321           | 24.8%                                   |
| VWAP on the SGX-ST for the six-month period up to and including the Last Traded Day                                                       | S\$0.327           | 22.2%                                   |
| VWAP on the SGX-ST for the one-year period up to and including the Last Traded Day                                                        | S\$0.359           | 11.4%                                   |
| <b>Share Prices on the SEHK</b>                                                                                                           | <b>Share Price</b> | <b>Premia/<br/>Discount<sup>6</sup></b> |
| Last transacted price of the Shares on the SEHK as at the Latest Practicable Date                                                         | HK\$2.410          | 3.0%                                    |
| Last transacted price of the Shares on the SEHK as at the Joint Offer Announcement Date                                                   | HK\$2.460          | 0.9%                                    |
| Last transacted price of the Shares on the SEHK on 28 March 2014 (being the last traded day prior to the Joint Offer Announcement Date)   | HK\$2.460          | 0.9%                                    |
| Last transacted price of the Shares on the SEHK on 6 December 2013 (being the Last Traded Day)                                            | HK\$2.060          | 20.5%                                   |
| Average closing price on the SEHK for the one-month period up to and including the Last Traded Day                                        | HK\$2.007          | 23.7%                                   |
| Average closing price on the SEHK for the three-month period up to and including the Last Traded Day                                      | HK\$2.072          | 19.9%                                   |
| Average closing price on the SEHK for the six-month period up to and including the Last Traded Day                                        | HK\$2.148          | 15.6%                                   |
| Average closing price on the SEHK for the one-year period up to and including the Last Traded Day                                         | HK\$2.277          | 9.1%                                    |

<sup>5</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

<sup>6</sup> For ease of comparison, the Exit Offer Price has been converted into Hong Kong dollars based on the Latest Exchange Rate. See Section 2.2 of this Exit Offer Letter for further information regarding the Exit Offer Price.

### **13.2 Premium to Net Asset Value and NTA**

The Exit Offer Price<sup>7</sup> represents:

- (a) a discount of approximately 22.8% to the unaudited consolidated net asset value per Share of S\$0.52 as at 31 March 2014; and
- (b) a discount of approximately 15.6% over the unaudited consolidated NTA per Share of S\$0.47 as at 31 March 2014;

assuming an exchange rate of S\$1.00: RMB4.945, based on information extracted from Bloomberg L.P. as at 31 March 2014.

### **14. DISCLOSURE OF HOLDINGS AND DEALINGS IN THE COMPANY**

**14.1** As at the Latest Practicable Date, the Offeror Concert Group owns or has control or direction over an aggregate of 649,428,000 Shares, representing approximately 64.94% of the total number of issued Shares.

**14.2** Save as disclosed in Appendices 1 and 6 to this Exit Offer Letter, none of the Relevant Persons (a) owns, controls, has direction over or has agreed to acquire any Company Securities as at the Latest Practicable Date, or (b) has dealt for value in any Company Securities during the Reference Period.

**14.3** Further disclosures are set out in Appendices 6 and 7 to this Exit Offer Letter.

### **15. TOTAL CONSIDERATION PAYABLE UNDER THE EXIT OFFER**

As at the Latest Practicable Date, the Company has 1,000,000,000 Shares in issue. On the basis of the Exit Offer Price of S\$0.40<sup>7</sup> and 1,000,000,000 Shares in issue, the total consideration payable for the entire issued share capital of the Company is S\$400,000,000. Excluding the 385,809,000 Undertaking Shares (which includes Shares held by Go Power, Mr. Liu and Ms. Yan) and the 350,794,000 Shares held by the Offeror and on the basis that none of the outstanding Bonds will be converted or exercised into Shares prior to the close of the Exit Offer and the Exit Offer is accepted in full, 263,397,000 Shares will be subject to the Exit Offer and the maximum amount of cash consideration payable under the Exit Offer by the Offeror for such Shares based on the Exit Offer Price<sup>7</sup> will be S\$105,358,800 (approximately HK\$654,014,751 at the Latest Exchange Rate) in aggregate.

### **16. CONFIRMATION OF FINANCIAL RESOURCES**

The maximum amount of cash consideration payable by the Offeror in connection with the Exit Offer is approximately S\$105,358,800 (approximately HK\$654,014,751 at the Latest Exchange Rate) in aggregate, which will be funded by the Offeror through existing HK\$ and S\$ cash resources of an aggregate approximate amount of HK\$32,121,006 at the Latest Exchange Rate (approximately S\$5,174,548 at the Latest Exchange Rate) and the Exit Offer Facility of an amount of up to HK\$670,000,000. The loans made under the Exit Offer Facility are to be secured by (a) a charge granted by the Offeror over 347,304,000 Shares, representing approximately 34.73% of the total number of issued Shares, in favour of CITIC Securities Brokerage (HK) Limited; (b) a charge granted by Go Power over

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<sup>7</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

297,734,000 Shares, representing approximately 29.77% of the total number of issued Shares, in favour of CITIC Securities Brokerage (HK) Limited; and (c) a charge granted by the Offeror over all Offer Shares to be acquired pursuant to the Exit Offer in favour of CITIC Securities Brokerage (HK) Limited. Mr. Liu and Ms. Yan have entered into personal guarantees guaranteeing the obligations of the Offeror (as borrower) and Go Power respectively. Save as set out in this Section 16 and pursuant to the conditions to the placing (which are set out in Section 9 of this Exit Offer Letter) under the Placing Agreement (the proceeds of which placing will be used towards repayment of the Exit Offer Facility and related fees and expenses), no payment of interest on, repayment of or security for any liability (contingent or otherwise) under the Exit Offer shall depend to any significant extent on the business of the Company.

CITIC Securities, as the Offeror's Hong Kong financial adviser, confirms in accordance with the HK Takeover Code that, after taking into account the Undertakings, sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Exit Offer.

CLSA Singapore, as the Offeror's Singapore financial adviser, confirms in accordance with the Singapore Takeover Code that, after taking into account the Undertakings, sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Exit Offer.

## **17. COURSES OF ACTION AVAILABLE TO SHAREHOLDERS**

### **17.1 Acceptance Forms**

- (a) If you hold Offer Shares that are deposited with CDP, you should receive a SG FAA together with this Exit Offer Letter. If you have not received the SG FAA, you may obtain a copy of the SG FAA from the Offeror c/o CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, upon production of satisfactory evidence that you are a Depositor holding Offer Shares through CDP.
- (b) If you are a Singapore Registered Shareholder, you should receive a SG FAT together with this Exit Offer Letter. If you have not received a SG FAT, you may obtain a copy of the SG FAT from the office of the Principal Share Registrar in Singapore at 80 Robinson Road, #02-00, Singapore 068898 upon production of satisfactory evidence that you are a Singapore Registered Shareholder.
- (c) If you are a HK Branch Registered Shareholder, you should receive a HK FAT together with this Exit Offer Letter. If you have not received a HK FAT, you may obtain a copy of the HK FAT from the office of the Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong upon production of satisfactory evidence that you are a HK Branch Registered Shareholder.
- (d) If you are a HK Branch Registered Shareholder holding your Shares through a nominee or in CCASS, you may instruct your nominee company, or other nominee to elect to accept the Exit Offer in accordance with instructions given by your nominee or CCASS nominees.

### **17.2 Acceptance of the Exit Offer**

The Exit Offer may only be accepted by the relevant Shareholder (or, as the case may be, the Depositor holding Offer Shares through CDP) to whom this Exit Offer Letter is addressed. Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptance is conditional upon the Condition being satisfied on or before the

Long-Stop Date. Shareholders should note that if the Delisting Resolution is not passed at the EGM, the Condition will not be satisfied, the Delisting will not proceed and the Company will remain listed on the Official List of the Mainboard of the SGX-ST and on the SEHK. The Exit Offer will also lapse and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder. The Offer Shares in respect of which acceptances have been received shall be returned to the relevant Shareholders in accordance with the procedures set out in this Exit Offer Letter and in the relevant Acceptance Forms (as the case may be).

**SHAREHOLDERS SHOULD NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER.**

### **17.3 Courses of Action in relation to the Exit Offer**

- (a) **If you decide to reject the Exit Offer**, you do not have to take any action. Shareholders who currently trade their Shares on the SGX-ST and who do not accept the Exit Offer will be able to continue trading their Shares on the SEHK subsequent to the Delisting as their Shares will be automatically transferred, at the Company's cost, from the Singapore Register to the HK Branch Register. The Branch Share Registrar and Transfer Office in Hong Kong will issue and mail by ordinary post to the mailing addresses of Shareholders as they appear in the Address Notification Form submitted to the Company, at their own risk, new share certificates in respect of their Shares registered on the HK Branch Register. Shareholders who do not submit the Address Notification Form to the Company will have their new share certificates delivered by ordinary post at their own risk to their registered addresses as set out in the records of the Company and/or CDP. Shareholders will thereafter be able to trade their Shares freely on the SEHK upon setting up investor participant stock accounts in CCASS with the HKSCC or stock accounts with designated CCASS participants, through brokerage firms in Hong Kong or Singapore which offer such services, and depositing the Shares issued by the Branch Share Registrar and Transfer Office in Hong Kong into CCASS for credit to their investor participant stock accounts or their designated CCASS participant stock accounts thereafter.
- (b) **If you decide to accept the Exit Offer**, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions in this Exit Offer Letter and in the relevant Acceptance Form during the period commencing from the date of despatch of this Exit Offer Letter and ending at 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.

If you are a Singapore Registered Shareholder and wish to accept the Exit 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 Exit Offer Letter and ending at 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date (both dates inclusive) as the "Free Balance" of your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Exit Offer.

The detailed procedures for acceptance and settlement of the Exit Offer are set out in **Appendices 2 and 3** to this Exit Offer Letter for your information.

## **18. OVERSEAS SHAREHOLDERS**

### **18.1 Overseas Shareholders**

The Offeror intends to make the Exit Offer available to all Shareholders (other than the Offeror Concert Group and the Undertaking Persons), including those who are not resident

in Hong Kong or Singapore. However, the availability of the Exit Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements and restrictions in the relevant overseas jurisdictions, and exercise caution in relation to the Exit Offer.

## **18.2 Responsibility of Overseas Shareholders**

It is the responsibility of any Overseas Shareholder who (a) receives copies of this Exit Offer Letter, the relevant Acceptance Form and the Circular, and/or (b) accepts the Exit Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of governmental or any other consents which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, the Joint Financial Advisers, CDP, the Principal Share Registrar in Singapore, the Branch Share Registrar and Transfer Office in Hong Kong and/or any person acting on his behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, the Joint Financial Advisers, CDP, the Principal Share Registrar in Singapore, the Branch Share Registrar and Transfer Office in Hong Kong and/or any person acting on his behalf may be required to pay. In (a) receiving copies of this Exit Offer Letter, the relevant Acceptance Form and the Circular and/or (b) accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror, the Joint Financial Advisers, CDP, the Principal Share Registrar in Singapore and the Branch Share Registrar and Transfer Office in Hong Kong 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. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.**

## **18.3 Notices**

The Offeror and the Joint Financial Advisers each reserves the right to (a) reject any acceptance of the Exit Offer which they believe, or have reason to believe, that such acceptance may violate the applicable laws of any jurisdiction or which do not comply with the provisions and instructions of this Exit Offer Letter or the relevant Acceptance Forms; and (b) notify any matter, including the despatch of this Exit Offer Letter, any formal documentation relating to the Exit Offer, and the fact that the Exit Offer has been made, to any or all Shareholders (including the Overseas Shareholders) by announcement to the SGX-ST and the SEHK and if necessary, by paid advertisement in newspapers published and circulated in Singapore and/or Hong Kong, 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.

## **19. INFORMATION PERTAINING TO CPFIS INVESTORS**

CPFIS Investors should receive further information on how to accept the Exit Offer from their respective 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 Exit Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the

Exit Offer will receive payment of the Exit Offer Price<sup>8</sup> in respect of their Offer Shares in their CPFIS accounts. Following the completion of the Delisting, the Shares cannot be deposited with CDP and the Company will arrange to forward the individual share certificates representing the Offer Shares held by individual CPFIS Investors who do not accept the Exit Offer to their respective CPF Agent Banks for safe-keeping. CPFIS Investors will not be allowed to use funds from their CPF accounts for further purchases of the Shares because under the Central Provident Fund (Investment Schemes) Regulations, CPF funds may only be invested in the shares of companies incorporated in Singapore that are listed on the SGX-ST, traded in Singapore dollars and included under the CPFIS. Please refer to **Appendix 2** to this Exit Offer Letter for further details relating to CPFIS Investors who do not accept the Exit Offer.

## **20. GENERAL**

### **20.1 Valid Acceptances**

The acceptances of the Exit Offer by Singapore Registered Shareholders and Depositors will be treated as valid if the requirements are fulfilled pursuant to **Appendix 2** to this Exit Offer Letter, and the acceptances of the Exit Offer by HK Branch Registered Shareholders will be treated as valid if the requirements are fulfilled pursuant to **Appendix 3** to this Exit Offer Letter. Any decision to reject or treat as valid any acceptance will be final and binding and none of CDP, the Principal Share Registrar in Singapore, the Branch Share Registrar and Transfer Office in Hong Kong, the Offeror and the Joint Financial Advisers (as the case may be) accepts any responsibility or liability for the consequences of such a decision.

### **20.2 Governing Law and Jurisdiction**

The Exit Offer, this Exit Offer Letter, the Acceptance Forms, all acceptances of the Exit Offer and all contracts made pursuant thereto and all actions taken or deemed to be taken or made in connection with any of the foregoing shall be governed by, and construed in accordance with, the laws of Singapore and the laws of Hong Kong (as applicable). The Offeror and each accepting Shareholder agree to submit to the non-exclusive jurisdiction of the Singapore courts.

### **20.3 No Third Party Rights**

Unless expressly provided to the contrary in this Exit Offer Letter and in the relevant Acceptance Form, a person who is not a party to any contracts made pursuant to the Exit Offer, this Exit Offer Letter and the relevant Acceptance Form 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 contained herein and in the relevant Acceptance Form, 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.

### **20.4 Accidental Omission**

Any accidental omission to despatch this Exit Offer Letter, the Circular and the relevant Acceptance Forms, or to give any notice, advertisement or announcement required to be given under the terms of the Exit Offer, or any failure to receive the same by, any person to whom the Exit Offer is made or should be made, shall not invalidate the Exit Offer in any way.

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<sup>8</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

## **20.5 Independent Advice**

The Joint Financial Advisers are acting for and on behalf of the Offeror in connection with the Exit Offer and the Delisting and do not purport to advise the Shareholders. In preparing this Exit Offer Letter on behalf of the Offeror, the Joint Financial Advisers have not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder or holder of the Company Securities.

The advice of the IFA to the Independent Board Committee and the recommendation of the Independent Board Committee on the Exit Offer and the Delisting is available in the Circular. Shareholders may wish to consider their advice before taking any action in relation to the Exit Offer.

## **21. RESPONSIBILITY STATEMENTS**

### **21.1 Pursuant to the HK Takeover Code:**

Mr. Liu Xingxu, being the sole director of the Offeror, accepts full responsibility for the accuracy of information contained in this Exit Offer Letter (other than information relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Exit Offer Letter have been arrived at after due and careful consideration and there are no other facts not contained in this Exit Offer Letter, the omission of which would make any statement in this Exit Offer Letter misleading; and

### **21.2 Pursuant to the Singapore Takeover Code:**

Mr. Liu Xingxu, being the sole director of the Offeror, has taken all reasonable care to ensure that the facts stated and all opinions expressed in this Exit Offer Letter (other than those relating to the Group) are fair and accurate and that no material facts have been omitted from this Exit Offer Letter, and he accepts responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, information relating to the Group, the Undertaking Persons and the Joint Financial Advisers) or obtained from the Group, the Undertaking Persons or the Joint Financial Advisers, the sole responsibility of Mr. Liu has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Exit Offer Letter.

Yours faithfully,

**CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED**

**CLSA SINGAPORE PTE LTD**

for and on behalf of  
**PIONEER TOP HOLDINGS LIMITED**

## APPENDIX 1

### PARTICULARS OF THE UNDERTAKING PERSONS

#### Shares

| Name                                                                      | Number of Shares<br>comprised in the<br>Undertakings | As a percentage<br>of total issued<br>Shares (%) <sup>(3)</sup> |
|---------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|
| Go Power Investments Limited <sup>(1)</sup>                               | 297,734,000                                          | 29.77                                                           |
| Mr. Liu <sup>(2)</sup>                                                    | 600,000                                              | 0.06                                                            |
| Ms. Yan <sup>(1)</sup>                                                    | 300,000                                              | 0.03                                                            |
| Big Day Limited (wholly-owned subsidiary of<br>Sinofert Holdings Limited) | 49,900,000                                           | 4.99                                                            |
| Sunny Asia Holdings Limited                                               | 35,500,000                                           | 3.55                                                            |
| Mr. Huang Zhongxin                                                        | 375,000                                              | 0.04                                                            |
| Mr. Liu Dong <sup>(4)</sup>                                               | 1,400,000                                            | 0.14                                                            |
| <b>Total</b>                                                              | <b>385,809,000</b>                                   | <b>38.58</b>                                                    |

#### Bonds

| Name                  | Principal amount<br>of Bonds<br>comprised in the<br>Undertakings<br>(RMB) | As a percentage<br>of the total<br>outstanding<br>principal amount<br>of Bonds (%) | Number of<br>Shares into<br>which such<br>Bonds may be<br>converted |
|-----------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Nitro Capital Limited | 324,366,153.50                                                            | 100                                                                                | 176,000,000                                                         |

#### **Notes:**

- (1) In addition to shares held in her own name, Ms. Yan is deemed or taken to be interested in 297,734,000 shares in the Company (approximately 29.77% of the issued share capital of the Company) all of which are held by Go Power. Go Power is an investment holding company established in the British Virgin Islands and Ms. Yan is the registered owner of 100% shareholding in Go Power. Ms. Yan beneficially owns approximately 12.74% of the equity interest in Go Power, and holds approximately 87.26% of the equity interest in Go Power on trust for 1,463 beneficiaries. Ms. Yan has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust declaration dated 26 July 2006 and the trust confirmation dated 16 June 2009.
- (2) In addition to shares held in his own name, Mr. Liu is deemed or taken to be interested in 350,794,000 shares in the Company (approximately 35.08% of the issued share capital of the Company) all of which are held by the Offeror. The Offeror is an investment holding company established in the British Virgin Islands and Mr. Liu is the registered owner of 100% shareholding in the Offeror. Mr. Liu beneficially owns approximately 42% of the equity interest in the Offeror, and holds approximately 58% of the equity interest in the Offeror on trust for 7 beneficiaries, including approximately 16% for Mr. Li Buwen, an executive director of the Company, and approximately 7% for Mr. Li Yushun, 7% for Mr. Ru Zhengtao, 7% for Mr. Wang Nairen and 7% for Mr. Zhang Qingjin, the Group's senior management, and approximately 7% for Mr. Shang Dewei, an employee of the Group, and approximately 7% for Mr. Zhu Xingye, an ex-employee of the Group. Mr. Liu has the absolute discretion to exercise the voting rights held by the Offeror in the Company in accordance with a trust declaration dated 26 July 2006.
- (3) Based on 1,000,000,000 Shares in issue as at the Latest Practicable Date.
- (4) As at the Latest Practicable Date, Mr. Liu Dong owns a total of 1,877,440 Shares, representing approximately 0.19% of the total number of issued Shares, comprising (i) 1,400,000 Shares which are subject to the Shares Undertaking provided by Mr. Liu Dong and (ii) 477,440 which are not subject to the Shares Undertaking provided by Mr. Liu Dong and in respect of which there is no indication or commitment as to whether Mr. Liu Dong will accept or reject the Exit Offer in respect of such Shares.
- (5) As at the Latest Practicable Date, save as disclosed in this Appendix 1, the Undertaking Persons do not own or control any other Company Securities.
- (6) The Undertaking Persons did not deal for value in any Company Securities during the Reference Period.

## APPENDIX 2

### PROCEDURES FOR ACCEPTANCE AND SETTLEMENT OF THE EXIT OFFER BY SINGAPORE REGISTERED SHAREHOLDERS AND DEPOSITORS

#### 1. ACCEPTANCE PROCEDURES FOR DEPOSITORS

- 1.1 Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of your Securities Account, you should receive this Exit Offer Letter together with the SG FAA. If you do not receive the SG FAA, you may obtain a copy of such SG FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

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

- (a) complete the SG FAA in accordance with the provisions and instructions in this Exit Offer Letter and the SG FAA (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer). In particular, you must state in Part A on page 1 of the SG FAA, the number of Offer Shares in respect of which you wish to accept the Exit Offer.

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. (Hong Kong and Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date),

you shall be deemed to have accepted the Exit 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. (Hong Kong and Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date;

- (b) sign the SG FAA in accordance with the instructions in this Exit Offer Letter and the SG FAA; and
- (c) deliver the completed and signed SG FAA in its entirety (no part may be detached or otherwise mutilated):
- (i) **by hand**, to Pioneer Top Holdings Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
- (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Pioneer Top Holdings Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

**in either case so as to arrive not later than 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.** If the completed and signed SG FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Exit Offer Letter and the accompanying SG FAA to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and SG FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Exit Offer *via* Electronic Acceptance. Such Electronic Acceptance must be submitted **not later than 5.00 p.m. (Hong Kong and Singapore time) on the date falling one Business Day before the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the SG FAA and in this Exit Offer Letter as if the SG FAA had been completed and delivered to CDP. Acceptances of the Exit Offer *via* Electronic Acceptance on the Closing Date will be rejected.

- 1.2 Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased 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 also receive this Exit Offer Letter together with the SG FAA. If you do not receive that SG FAA, you may obtain a copy, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST, from The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

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

- (a) complete and sign the SG FAA in accordance with the provisions and instructions in this Exit Offer Letter and the SG FAA; and
- (b) deliver the completed and signed SG FAA in its entirety (no part may be detached or otherwise mutilated):
  - (i) **by hand**, to Pioneer Top Holdings Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
  - (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Pioneer Top 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 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.** If the completed and signed SG FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

- 1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you 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 the “Free Balance” of your Securities Account, you may accept the Exit Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Exit Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the “Free Balance” of your Securities Account has been credited with such number of additional Offer Shares purchased. The provisions set out above shall apply *mutatis mutandis* to your acceptance of the Exit Offer.

- 1.4 Rejection.** If upon receipt by CDP, on behalf of the Offeror, of the SG FAA, it is established that such Offer Shares have not been credited to the “Free Balance” of your Securities

Account (as, for example, where you are selling or have sold such Offer Shares), then your acceptance is liable to be rejected and none of CDP, the Joint Financial Advisers and the Offeror (and, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance of the Exit Offer in respect of such Offer Shares will be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Hong Kong and Singapore time) on the Date of Receipt or by 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date (if the Date of Receipt is on the Closing Date). None of CDP, the Joint Financial Advisers and the Offeror (and, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

- 1.5 Receipt.** No acknowledgement of receipt will be given by CDP for submissions of the SG FAA made by hand or by post or deposited into boxes located at CDP's premises. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares credited to your Securities Account through: (a) "CDP Online" if you have registered for the "CDP Internet Access Service" or (b) "CDP Phone Service" if you have a "T-PIN".
- 1.6 Suspense Account.** Upon receipt by CDP, for and on behalf of the Offeror, of the duly completed and signed original of the SG FAA or Electronic Acceptance, CDP will take such measures as it may consider necessary and expedient to prevent any trading of the Offer Shares in respect of which you have accepted the Exit Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the Exit Offer, in the event the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms (including, without limitation, earmarking, blocking, and/or transferring the relevant number of such Offer Shares from the "Free Balance" of your Securities Account to a "Suspense Account").
- 1.7 Return of Offer Shares.** In the event of the Exit Offer not becoming or being declared to be unconditional in all respects in accordance with its terms, the relevant number of Offer Shares in respect of which you have accepted the Exit Offer will be returned to the "Free Balance" of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse of the Exit Offer.
- 1.8 Offer Declared Unconditional.** In the event the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Exit Offer Price<sup>9</sup> by way of a crossed Singapore dollar cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary mail to your mailing address as recorded with CDP, or in such manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.
- 1.9 No Securities Account.** If you do not have any existing Securities Account in your name at the date and time of acceptance of the Exit Offer, your acceptance as contained in the SG FAA will be rejected.

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<sup>9</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

## 2. ACCEPTANCE PROCEDURES FOR SINGAPORE REGISTERED SHAREHOLDERS

**2.1 Singapore Registered Shareholders.** Singapore Registered Shareholders who hold Offer Shares should receive this Exit Offer Letter together with the SG FAT.

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

- (a) complete the SG FAT in accordance with the provisions and instructions in this Exit Offer Letter and in the SG FAT (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer). In particular, you must state in Part A of the SG FAT the number of Offer Shares in respect of which you wish to accept the Exit Offer. If you:
  - (i) do not specify any number in the SG FAT; or
  - (ii) specify a number which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the SG FAT,you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares represented by the share certificate(s) accompanying the SG FAT;
- (b) sign the SG FAT in accordance with the instructions in this Exit Offer Letter and in the SG FAT; and
- (c) deliver:
  - (i) the completed and signed SG FAT in its entirety (no part may be detached or otherwise mutilated);
  - (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 Exit Offer. If you are recorded in the Singapore Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the memorandum and articles of association of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Exit Offer Letter and in the SG FAT; and
  - (iii) where such Offer Shares 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 the transferee left blank (to be completed by the Offeror or a person duly authorised by it),

either **by hand**, to Pioneer Top Holdings Limited c/o Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, or **by post**, in the enclosed pre-addressed envelope at your own risk, to Pioneer Top Holdings Limited c/o Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, **in either case so as to arrive not later than 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.** If the completed and signed SG FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

**2.2 Receipt.** No acknowledgement of receipt of any SG FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror, the Joint Financial Advisers or the Principal Share Registrar in Singapore.

**2.3 Return of Offer Shares.** In the event the Exit Offer does not become or is not declared unconditional in all respects in accordance with its terms, the SG FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you as soon as possible but, in any event, not later than 14 days from the lapse of the Exit Offer.

### **3. SETTLEMENT**

**3.1 When Settlement Due.** Subject to the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Exit Offer Letter and in the SG FAA and/or the SG FAT (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Exit Offer is standing to the credit of the “Free Balance” of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Singapore Takeover Code, to the accepting Shareholder (or in the case of Singapore Registered Shareholders, their designated agents, as they may direct) by means of a crossed Singapore dollar cheque drawn on a bank in Singapore and sent by ordinary post to their respective addresses as they appear in the records of CDP or in the Singapore Register (as the case may be), at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for payment of any cash distribution) as soon as practicable and in any case:

- (a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **on or before** the date on which the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, within the earlier of seven Business Days and 10 calendar days of the date on which the Exit Offer becomes unconditional; or
- (b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **after** the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, but before 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date, within the earlier of seven Business Days and 10 calendar days of the date of such receipt.

Settlement of the consideration to which any Shareholder is entitled under the Exit Offer will be implemented in full in accordance with the terms of the Exit Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

**3.2 Method of Settlement.** Payment of the Exit Offer Price<sup>10</sup> will be made by way of a crossed Singapore dollar cheque drawn on a bank in Singapore (or in such other manner as the accepting Shareholders may have agreed with CDP for payment of any cash distribution) for the appropriate amount.

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<sup>10</sup> The actual amount of the Exit Offer Price payable in respect of each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

#### 4. INFORMATION PERTAINING TO CPFIS INVESTORS

The Shares that are quoted on the SGX-ST and held by CPFIS Investors are deposited with CDP through their respective CPF Agent Banks. However, following the completion of the Delisting, the Shares cannot be deposited with CDP, and the Company will arrange to forward the individual share certificates, representing the Offer Shares held by individual CPFIS Investors who do not accept the Exit Offer, to their respective CPF Agent Banks for safe-keeping.

CPF Agent Banks levy a service fee to administer each share counter held on behalf of each CPFIS Investor. In addition to the existing fees, CPF Agent Banks may impose, *inter alia*, additional charges for the safe-keeping of share certificates and administrative charges for the splitting, withdrawal or depositing of such share certificates. CPFIS Investors who do not accept the Exit Offer should consult their respective CPF Agent Banks on the additional charges that may be imposed.

#### 5. GENERAL

- 5.1 Disclaimer.** The Offeror, the Joint Financial Advisers, CDP and/or the Principal Share Registrar in Singapore will be entitled, at their sole and absolute discretion, to reject or treat as valid any acceptance of the Exit Offer through the SG FAA and/or the SG FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Exit Offer Letter and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, signed but not in its originality, or invalid in any respect. If you wish to accept the Exit Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects and are submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), the Joint Financial Advisers, CDP and/or the Principal Share Registrar in Singapore accepts any responsibility or liability for such a decision, including the consequences of such a decision.
- 5.2 Discretion.** Each of the Offeror and the Joint Financial Advisers reserves the right to treat acceptances of the Exit 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 in this Exit Offer Letter or in the relevant Acceptance Forms, or if made otherwise than in accordance with the provisions of this Exit Offer Letter and in the relevant Acceptance Forms. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), the Joint Financial Advisers, CDP and/or the Principal Share Registrar in Singapore accepts any responsibility or liability for such a decision, including the consequences of such a decision.
- 5.3 Scrip and Scripless Offer Shares.** If you hold some Offer Shares in the form of share certificates and others with CDP, you should complete a SG FAT for the former and a SG FAA for the latter, in accordance with the procedures set out in this **Appendix 2**. If you wish to accept the Exit Offer in respect of all such Offer Shares, the SG FAT and/or the SG FAA must be accurately completed, signed and accompanied by the relevant documents and sent to the Offeror in accordance with the procedures for acceptance set out in this **Appendix 2**.

- 5.4 Acceptances received on Saturday, Sunday or public holiday.** Acceptances in the form of the SG FAA and/or the SG FAT received by CDP and/or the Principal Share Registrar in Singapore (as the case may be), for and on behalf of the Offeror, on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.
- 5.5 Deposit Time.** If you hold Offer Shares in the form of share certificates and which are registered on the Singapore Register, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Exit Offer by way of the SG FAA if you were to deposit your share certificate(s) with CDP after the date of despatch of this Exit Offer Letter. If you wish to accept the Exit Offer in respect of such Offer Shares held by way of share certificates, you should complete the SG FAT and follow the procedures set out in paragraph 2 of this **Appendix 2** and in the SG FAT.
- 5.6 Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or, in the case of share certificate holders, your designated agent or, in the case of accepting joint Shareholders who have not designated any agent, to the one first named in the Singapore Register) will be sent by ordinary post to your mailing address appearing in the records of CDP or the Singapore Register, as the case may be, at the risk of the person(s) entitled thereto (or for the purposes of remittances only, to such address as may be specified by you in the SG FAT, at your own risk).
- 5.7 Evidence of Title.** Delivery of the duly completed and signed SG FAA and/or the SG FAT, as the case may be, together with the relevant share certificate(s) and/or other documents of title and/or other relevant documents required by the Offeror, to the Offeror, CDP and/or the Principal Share Registrar in Singapore, as the case may be, shall be conclusive evidence in favour of the Offeror (or its nominee), the Joint Financial Advisers, CDP and/or the Principal Share Registrar in Singapore, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.
- 5.8 Loss in Transmission.** The Offeror, the Joint Financial Advisers, CDP and/or the Principal Share Registrar in Singapore, as the case may be, shall not be liable for any loss in transmission of the SG FAA and/or the SG FAT, as the case may be.
- 5.9 Acceptance Irrevocable.** The acceptance of the Exit Offer made by you using the SG FAA and/or the SG FAT, as the case may be, shall be irrevocable and any instructions or subsequent SG FAA(s) and/or SG FAT(s) received by CDP and/or the Principal Share Registrar in Singapore, as the case may be, after the initial SG FAA and/or the SG FAT, as the case may be, has been received shall be disregarded.

## **6. NO RIGHT OF WITHDRAWAL IN RELATION TO THE EXIT OFFER**

Except as expressly provided in this Exit Offer Letter, the HK Takeover Code and the Singapore Takeover Code, all acceptances of the Exit Offer shall be irrevocable.

## APPENDIX 3

### PROCEDURES FOR ACCEPTANCE AND SETTLEMENT OF THE EXIT OFFER BY HK BRANCH REGISTERED SHAREHOLDERS

#### 1. ACCEPTANCE PROCEDURES FOR HK BRANCH REGISTERED SHAREHOLDERS

If you wish to accept the Exit Offer, you should complete and sign the HK FAT in accordance with the provisions and instructions in this Exit Offer Letter and the HK FAT (which instructions and provisions shall be deemed to form part of the Exit Offer). If you do not receive the HK FAT, you may obtain a copy of such HK FAT from the office of the Branch Share Registrar and Transfer Office in Hong Kong upon production of satisfactory evidence that you are a Shareholder.

- (a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Exit Offer, you must send the duly completed HK FAT together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof):

- (i) **by hand**, to Pioneer Top Holdings Limited c/o Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; or
- (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Pioneer Top Holdings Limited c/o Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong,

**in either case so as to arrive not later than 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.** It is your responsibility to affix adequate postage on the said envelope.

- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Exit Offer in respect of your Shares, you must either:

- (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Exit Offer on your behalf and requesting it to deliver the duly completed HK FAT together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Branch Share Registrar and Transfer Office in Hong Kong;
- (ii) arrange for the Shares to be registered in your name by the Company through the Branch Share Registrar and Transfer Office in Hong Kong, and send the duly completed HK FAT together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Branch Share Registrar and Transfer Office in Hong Kong;
- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS,

instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Exit Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Exit Offer must be received by the Branch Share Registrar and Transfer Office in Hong Kong). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction *via* the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Exit Offer must be received by the Branch Share Registrar and Transfer Office in Hong Kong).
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Exit Offer in respect of your Shares, the HK FAT should nevertheless be completed and delivered to the Branch Share Registrar and Transfer Office in Hong Kong together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Branch Share Registrar and Transfer Office in Hong Kong as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Branch Share Registrar and Transfer Office in Hong Kong for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Branch Share Registrar and Transfer Office in Hong Kong.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Exit Offer in respect of your Shares, you should nevertheless complete the HK FAT and deliver it to the Branch Share Registrar and Transfer Office in Hong Kong together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror, the Joint Financial Advisers or their respective agent(s) to collect from the Branch Share Registrar and Transfer Office in Hong Kong on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Branch Share Registrar and Transfer Office in Hong Kong as if it was/they were delivered to the Branch Share Registrar and Transfer Office in Hong Kong with the HK FAT.
- (e) Acceptance of the Exit Offer will be treated as valid only if the completed HK FAT and the relevant documents are received by the Branch Share Registrar and Transfer Office in Hong Kong **not later than 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date** and the Branch Share Registrar and Transfer Office in Hong Kong has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
  - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) is/are

not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares;

- (ii) from a HK Branch Registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Branch Share Registrar and Transfer Office in Hong Kong or the SEHK.
- (f) If the HK FAT is executed by a person other than the HK Branch Registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Branch Share Registrar and Transfer Office in Hong Kong must be produced.
- (g) Seller's ad valorem stamp duty for transfer of Shares registered in the seller's name through the Branch Share Registrar and Transfer Office in Hong Kong arising in connection with acceptance of the Exit Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Exit Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Shareholder on acceptance of the Exit Offer. The Offeror or its processing agent will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Exit Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Exit Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any HK FAT, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## **2. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Exit Offer has previously been revised or extended, with the consent of the Executive, in accordance with the HK Takeover Code, the HK FAT must be received by 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date in accordance with the instructions printed on the HK FAT, and the Exit Offer will close at 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the website of the SEHK not later than 7.00 p.m. (Hong Kong and Singapore time) on the Closing Date stating whether the Exit Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Exit Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Exit Offer, to those Shareholders who have not accepted the Exit Offer.

## **3. ANNOUNCEMENT**

- (a) By 6.00 p.m. (Hong Kong and Singapore time) on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the SEHK of its decision in relation to the revision, extension or expiry of the Exit Offer. The Offeror must publish an announcement on the website of the SEHK by 7.00 p.m. (Hong Kong and Singapore time) on the Closing Date stating whether the Exit Offer has been extended, revised or has expired.

Such announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Exit Offer have been received;
  - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or its concert parties before the Offer Period;
  - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror or its concert parties during the Offer Period;
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the HK Takeover Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
  - (v) the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Offeror (or for the avoidance of doubt, any of the Offeror's related corporations), the Joint Financial Advisers, and the Branch Share Registrar and Transfer Office in Hong Kong **not later than 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date**, being the latest time and date for acceptance of the Exit Offer, shall be included.

#### 4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Exit Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this **Appendix 3** titled "Announcement" above, the Executive may require pursuant to Rule 19.2 of the HK Takeover Code that the Shareholders who have tendered acceptance to the Exit Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the HK Takeover Code and Rule 28 of the Singapore Takeover Code can be met.

In such case, when the Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the relevant application form(s) to the relevant Shareholder(s).

#### 5. SETTLEMENT

Provided that the accompanying HK FAT for the Shares, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Branch Share Registrar and Transfer Office in Hong Kong **not later than 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date**, a cheque for the amount due to each of the accepting Shareholders in respect of the Shares tendered under the Exit Offer (less seller's ad valorem stamp duty payable by

them, as the case may be) will be despatched to the accepting Shareholders by ordinary post at their own risk as soon as possible and in any case:

- (a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **on or before** the date on which the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, within the earlier of seven (7) Business Days and ten (10) calendar days of the date on which the Exit Offer becomes unconditional; or
- (b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **after** the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, but before 4.00 p.m. (Hong Kong and Singapore time) on the Closing Date, within the earlier of seven (7) Business Days and ten (10) calendar days of the date of such receipt.

For the avoidance of doubt, in respect of valid acceptances of the Exit Offer by Shareholders whose Shares are registered on the HK Branch Register, while the consideration payable for valid acceptances will be determined based on the Exit Offer Price<sup>11</sup> in Singapore dollars, the actual payment for valid acceptances by such Shareholders will be made in Hong Kong dollars using the prevailing exchange rate for Hong Kong dollars prior to the date of payment as may be determined by the Offeror.

Settlement of the consideration to which any accepting Shareholder is entitled under the Exit Offer will be paid by the Offeror in full in accordance with the terms of the Exit Offer (save for the payment of seller's ad valorem stamp duty) set out in this Exit Offer Letter (including this **Appendix 3**) and the accompanying HK FAT, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

## 6. STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptance of the Exit Offer amounting to HK\$1.00 for every HK\$1,000.00 or part thereof of the amount payable in respect of relevant acceptances by the HK Branch Registered Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the HK Branch Registered Shareholders who accept the Exit Offer. The Offeror or its processing agent will then pay the stamp duty so deducted to the Stamp Office of Hong Kong. The Offeror will bear buyer's ad valorem stamp duty.

## 7. TAX IMPLICATIONS

HK Branch Registered Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications of their acceptance of the Exit Offer. It is emphasised that none of the Offeror, parties acting in concert with it, the Joint Financial Advisers, the Branch Share Registrar and Transfer Office in Hong Kong, any of their respective directors or any persons involved in the Exit Offer is in a position to advise the HK Branch Registered Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Exit Offer.

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<sup>11</sup> The actual payment of the Exit Offer Price payable for each Offer Share will be reduced by the amount per Share of the 2013 Final Dividend, as described in Section 2.2 of this Exit Offer Letter.

## 8. GENERAL

- (a) All communications, notices, HK FAT, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to the Shareholders will be delivered by or sent to them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Joint Financial Advisers, or their respective agents, or the Branch Share Registrar and Transfer Office in Hong Kong or any other parties involved in the Exit Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Exit Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Joint Financial Advisers that the Shares tendered under the Exit Offer is sold by such person or persons free from all Encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any), which may be declared, made or paid by the Company on or after the Joint Offer Announcement Date.
- (c) Acceptance of the Exit Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the HK FAT is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Exit Offer.
- (d) Acceptances in the form of the HK FAT received by the Branch Share Registrar and Transfer Office in Hong Kong, for and on behalf of the Offeror, on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.
- (e) The provisions set out in the accompanying HK FAT form part of the terms of the Exit Offer.
- (f) The accidental omission to despatch this Exit Offer Letter and/or the accompanying HK FAT and transfer of either of them to any person to whom the Exit Offer is made shall not invalidate the Exit Offer in any way.
- (g) Due execution of HK FAT will constitute an authority to the Offeror or its agents to complete and execute on behalf of the person accepting the Exit Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such other person as it may direct the Shares in respect of which such person has accepted the Exit Offer.
- (h) The Exit Offer is made in accordance with the HK Takeover Code and the Singapore Takeover Code.
- (i) Reference to the Exit Offer in this Exit Offer Letter and in the HK FAT shall include any extension or revision thereof.
- (j) In the event of any inconsistency between (i) the English version of this Exit Offer Letter and the accompanying English version of the HK FAT and (ii) the Chinese version of this Exit Offer Letter and the accompanying Chinese version of the HK FAT, the English version shall prevail.

## **APPENDIX 4**

### **ADDITIONAL INFORMATION ON THE OFFEROR**

#### **1. DIRECTOR**

The name, address and description of the sole director of the Offeror as at the Latest Practicable Date, are set out below:

| <b>Name</b>    | <b>Address</b>                                                            | <b>Description</b> |
|----------------|---------------------------------------------------------------------------|--------------------|
| Mr. Liu Xingxu | No. 185 Zangying West Street<br>Xin Xiang District<br>Henan Province, PRC | Sole Director      |

#### **2. REGISTERED OFFICES**

The registered office of the Offeror is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

#### **3. PRINCIPAL ACTIVITIES AND SHARE CAPITAL**

The Offeror is a company incorporated in the BVI on 23 May 2006. The principal activities of the Offeror are those of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued share capital of US\$1.00 comprising 1 ordinary share. The sole director of the Offeror is Mr. Liu, who is also the Chairman, Chief Executive Officer and executive Director of the Company. As at the Latest Practicable Date, the Offeror owns an aggregate of 350,794,000 Shares, representing approximately 35.08% of the total issued Shares and Mr. Liu owns 600,000 Shares, representing approximately 0.06% of the total issued Shares.

#### **4. SUMMARY OF FINANCIAL INFORMATION**

No audited financial statements of the Offeror have been prepared since the date of its incorporation, as there is no requirement to do so under the BVI Companies Act.

#### **5. MATERIAL CHANGES IN FINANCIAL POSITION**

Save for the making and financing of the Exit Offer, as at the Latest Practicable Date, there has been no known material change in the financial position of the Offeror since 23 May 2006, being the date of its incorporation.

#### **6. SIGNIFICANT ACCOUNTING POLICIES**

As no audited financial statements of the Offeror have been prepared since the date of its incorporation, there are no significant accounting policies to be noted.

## APPENDIX 5

### ADDITIONAL INFORMATION ON THE COMPANY

#### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

| Name              | Address                                                                              | Description                                              |
|-------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------|
| Mr. Liu Xingxu    | No. 185 Zangying West Street<br>Xin Xiang District<br>Henan Province, PRC            | Chairman, Chief Executive Officer and Executive Director |
| Ms. Yan Yunhua    | Xianxinxing Pharmaceutical<br>Plant Hostel<br>Xinxiang County<br>Henan Province, PRC | Chief Financial Officer and Executive Director           |
| Mr. Li Buwen      | Xinxiang Fertiliser Plant<br>Courtyard<br>Xinxiang County<br>Henan Province, PRC     | Executive Director                                       |
| Mr. Lian Jie      | 49A, Tower 7, The Latitude<br>638 Prince Edward Road East<br>Kowloon, Hong Kong      | Non-Executive Director                                   |
| Mr. Ong Kian Guan | 30 Sturdee Road<br>#30-04 Kerrisdale<br>Singapore 207852                             | Lead Independent Non-Executive Director                  |
| Mr. Li Shengxiao  | Huancheng West Street #5<br>Yuecheng Zone<br>Shaoxing City<br>Zhejiang Province, PRC | Independent Non-Executive Director                       |
| Mr. Ong Wei Jin   | 100 Clemenceau Avenue North<br>#09-111 Cavenagh House<br>Singapore 229491            | Independent Non-Executive Director                       |

#### 2. SHARE CAPITAL

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$166,988,900 comprising 1,000,000,000 Shares (based on a search conducted at the ACRA on the Latest Practicable Date).

Based on information provided by the Company to the Offeror, as at the Latest Practicable Date, the Company has outstanding Bonds which are convertible into up to 176,000,000 Shares.

**3. OPTION SCHEME**

Based on information provided by the Company to the Offeror as at the Latest Practicable Date, the Group has no share option scheme.

**4. MATERIAL CHANGES IN FINANCIAL POSITION**

As at the Latest Practicable Date, there has not been any material change in the financial position or prospects of the Group since 31 December 2013, being the date of the last audited balance sheet of the Company laid before its Shareholders in general meeting.

**5. REGISTERED OFFICE**

The registered office of the Company is at 80 Robinson Road, #02-00, Singapore 068898.

## APPENDIX 6

### DISCLOSURE OF HOLDINGS AND DEALINGS IN THE COMPANY SECURITIES

The disclosures of holdings and dealings in the Company Securities set out below are based on responses to enquiries that the Offeror has made.

#### 1. HOLDINGS OF SHARES OF THE RELEVANT PERSONS

The holdings of Shares of the Relevant Persons as at the Latest Practicable Date are set out below:

|                        | Direct Interest     |                  | Deemed Interest     |                  | Total Interest      |                  |
|------------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
|                        | Number of<br>Shares | % <sup>(1)</sup> | Number of<br>Shares | % <sup>(1)</sup> | Number of<br>Shares | % <sup>(1)</sup> |
| Offeror                | 350,794,000         | 35.08            | –                   | –                | 350,794,000         | 35.08            |
| Go Power               | 297,734,000         | 29.77            | –                   | –                | 297,734,000         | 29.77            |
| Mr. Liu <sup>(2)</sup> | 600,000             | 0.06             | 350,794,000         | 35.08            | 351,394,000         | 35.14            |
| Ms. Yan <sup>(3)</sup> | 300,000             | 0.03             | 297,734,000         | 29.77            | 298,034,000         | 29.80            |

**Notes:**

- (1) Based on 1,000,000,000 Shares in issue as at the Latest Practicable Date.
- (2) Mr. Liu is deemed interested in the 350,794,000 Shares held by the Offeror as he has the absolute discretion to exercise the voting rights held by the Offeror in the Company in accordance with a trust agreement dated 26 July 2006.
- (3) Ms. Yan is deemed interested in the 297,734,000 Shares held by Go Power as she has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with a trust confirmation dated 26 July 2006 and a trust confirmation dated 16 June 2009.

#### 2. DEALINGS IN SHARES BY THE RELEVANT PERSONS DURING THE REFERENCE PERIOD

There are no dealings in the Shares by the Relevant Persons during the Reference Period.

## APPENDIX 7

### ADDITIONAL GENERAL INFORMATION

#### 1. DISCLOSURE OF INTERESTS

- 1.1 No Other Holdings or Dealings.** Save as disclosed in **Appendix 6** to this Exit Offer Letter, as at the Latest Practicable Date, none of the Offeror, the sole director of the Offeror and parties acting in concert with the Offeror owns, controls, or has agreed to acquire or has dealt for value in any Company Securities during the Reference Period.
- 1.2 No Indemnity Arrangements.** As at the Latest Practicable Date, save as disclosed in Section 6 of this Exit Offer Letter, neither the Offeror nor any party acting in concert with the Offeror has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Singapore Takeover Code or Note 8 to Rule 22 of the HK Takeover Code, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.
- 1.3 Security Interests, Borrowing or Lending of Company Securities.** As at the Latest Practicable Date, none of the Offeror, any parties acting in concert with the Offeror or (so far as the sole director of the Offeror and the Joint Financial Advisers are aware) any associate of the Offeror has (a) granted a security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise, save as disclosed in Section 16 of this Exit Offer Letter, or (b) borrowed or lent any Company Securities from or to another person.
- 1.4 Irrevocable Undertakings.** As at the Latest Practicable Date, save as disclosed in Section 6 of this Exit Offer Letter, none of the Offeror or any parties acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Exit Offer.
- 1.5 No Agreement having any Connection with or Dependence upon the Exit Offer.** As at the Latest Practicable Date, save as disclosed in Section 6 of this Exit Offer Letter, there is no agreement, arrangement or understanding between (a) the Offeror or any parties acting in concert with the Offeror and (b) any of the current or recent Directors or any of the current or recent Shareholders, having any connection with or dependence upon the Exit Offer.
- 1.6 Transfer of Offer Shares.** As at the Latest Practicable Date, save as disclosed in Sections 9 and 16 of this Exit Offer Letter, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired pursuant to the Exit Offer will or may be transferred, charged or pledged to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to any of its related corporations (within the meaning of Section 6 of the Singapore Companies Act) or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to it (such as the Exit Offer Facility).
- 1.7 No Payment or Benefit to the Directors.** As at the Latest Practicable Date, there is no agreement, arrangement or undertaking for payment or other benefit being made or given to any Director or any director of a corporation which is by virtue of Section 6 of the Singapore Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer. For the avoidance of doubt, no benefit has been given to any Director as compensation for loss of office or otherwise in connection with the Exit Offer.

- 1.8 No Agreement Conditional upon Outcome of the Exit Offer.** As at the Latest Practicable Date, save as disclosed in Section 6 of this Exit Offer Letter, there is no agreement, arrangement or understanding between (a) the Offeror and (b) any of the Directors or any other person in connection with or conditional upon the outcome of the Exit Offer. There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Exit Offer or is otherwise connected with the Exit Offer. Section 6 of this Exit Offer Letter refers to the Undertakings, which are conditional upon the outcome of the Exit Offer. If the Condition is not satisfied, the Undertakings will lapse accordingly.
- 1.9 Transfer Restrictions.** As at the Latest Practicable Date, as far as the Offeror is aware, there is no restriction in the memorandum and articles of association of the Company 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 by members of the Company or any other person.
- 1.10 No Material Change in Information.** Save for the information relating to the Offeror and the Exit Offer that is publicly available, there has been, within the knowledge of the Offeror, no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Offer Announcement Date and ending on the Latest Practicable Date.

## **2. GENERAL**

- 2.1 Costs and Expenses.** All costs and expenses of or incidental to the Exit Offer including the preparation and circulation of this Exit Offer Letter and the Acceptance Forms (other than professional fees and other costs relating to the Exit Offer incurred or to be incurred by the Company), stamp duty (excluding the relevant applicable seller ad valorem stamp duty payable in Hong Kong, details of which are set out in **Appendix 3** to this Exit Offer Letter) and transfer fees resulting from acceptances of the Exit Offer, will be paid by the Offeror.
- 2.2 Joint Financial Advisers' Consent.** Each of CITIC Securities Corporate Finance (HK) Limited and CLSA Singapore Pte Ltd, as the Hong Kong financial adviser and the Singapore financial adviser to the Offeror respectively in connection with the Exit Offer and the Delisting, has given and has each not withdrawn their respective written consents to the issue of this Exit Offer Letter with the inclusion herein of their respective names and the references to their respective names, in the form and context in which their respective names appear in this Exit Offer Letter.
- 2.3 Share Registrars' Consent.** Each of Tricor Barbinder Share Registration Services and Tricor Investor Services Limited has given and has not withdrawn their respective written consents to the issue of this Exit Offer Letter with the inclusion herein of their respective names and the references to their respective names, in the form and context in which their respective names appear in this Exit Offer Letter.

### 3. MARKET QUOTATIONS

**3.1 Closing Prices.** The following table sets out the closing prices of the Shares on the SGX-ST and the SEHK on (i) the Latest Practicable Date; (ii) the Joint Offer Announcement Date; (iii) 6 December 2013 (being the Last Traded Day); and (iv) the last day of each month from June 2013 (being six calendar months prior to the Possible Offer Announcement Date) to May 2014:

|                                                                                         | Closing price<br>on the SGX-ST<br>(S\$) | Closing price<br>on the SEHK<br>(HK\$) |
|-----------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| 13 June 2014 (being the Latest Practicable Date)                                        | 0.385                                   | 2.41                                   |
| 31 March 2014<br>(the Joint Offer Announcement Date)                                    | 0.420                                   | 2.46                                   |
| 28 March 2014 (being the last traded day prior<br>to the Joint Offer Announcement Date) | 0.420                                   | 2.46                                   |
| 6 December 2013 (being the Last Traded Day)                                             | 0.325                                   | 2.06                                   |
| May 2014                                                                                | 0.390                                   | 2.43                                   |
| April 2014                                                                              | 0.410                                   | 2.48                                   |
| March 2014                                                                              | 0.420                                   | 2.46                                   |
| February 2014                                                                           | 0.410                                   | 2.50                                   |
| January 2014                                                                            | 0.400                                   | 2.37                                   |
| December 2013                                                                           | 0.380                                   | 2.33                                   |
| November 2013                                                                           | 0.325                                   | 2.12                                   |
| October 2013                                                                            | 0.315                                   | 2.03                                   |
| September 2013                                                                          | 0.320                                   | 2.15                                   |
| August 2013                                                                             | 0.310                                   | 2.05                                   |
| July 2013                                                                               | 0.355                                   | 2.24                                   |
| June 2013                                                                               | 0.350                                   | 2.22                                   |

Source: Bloomberg L.P.

**3.2 Highest and Lowest Closing Prices of the Shares.** The highest and lowest closing prices of the Shares on the SGX-ST and the SEHK during the Reference Period are as follows:

|                                     | Price     | Dates                              |
|-------------------------------------|-----------|------------------------------------|
| Highest closing price on the SGX-ST | S\$0.435  | 12 March 2014<br>and 17 March 2014 |
| Lowest closing price on the SGX-ST  | S\$0.295  | 20 November 2013                   |
| Highest closing price on the SEHK   | HK\$2.660 | 12 March 2014                      |
| Lowest closing price on the SEHK    | HK\$1.900 | 15 November 2013                   |

Source: Bloomberg L.P.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection (i) during normal business hours at the office of the Principal Share Registrar in Singapore, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898; (ii) during normal business hours at the office of the Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; (iii) on the website of the SFC (<http://www.sfc.hk>); and (iv) on the website of the Company (<http://www.chinaxlx.com.hk>), from the date of this Exit Offer Letter until the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the Joint Offer Announcement;
- (c) the Undertakings; and
- (d) the letters of consent from the Joint Financial Advisers, the Principal Share Registrar in Singapore, the Branch Share Registrar and Transfer Office in Hong Kong as referred to in paragraphs 2.2 and 2.3 of this **Appendix 7**.