

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF ASSETS (THE “ACQUISITION”) WHICH INVOLVES THE ISSUE OF CONVERTIBLE NOTE WITH SPECIFIC SHAREHOLDERS’ APPROVAL

1. INTRODUCTION

The Board of Directors of the Company (the “**Board**”) refers to the announcements of the Company dated 29 July 2013, 29 October 2013, 23 January 2014 and 29 April 2014 in relation to the memorandum of understanding dated 29 July 2013 (as supplemented by a supplemental memorandum of understanding dated 23 January 2013) (the “**Announcements**”) and is pleased to announce that, its indirect wholly-owned subsidiary, Goldlink Capital Limited (the “**Purchaser**”) had on 5 May 2014 entered into a conditional sale and purchase agreement (the “**Agreement**”) with New Topic Limited (the “**Vendor**”), Mr. Lee Tsz Hang (“**Mr Lee**”) and Mr. Lin Zhangli (“**Mr Lin**”) for:

- (i) the acquisition of 1,000 ordinary shares (the “**Sale Shares**”) in the capital of Cloud Decade Limited (the “**Target**”) from the Vendor, representing 100% of its entire issued share capital of the Target as at the date of the Agreement; and
- (ii) the assignment of the entire benefit of and all rights attaching thereto of the entire interest-free and unsecured loan to the Target by the Vendor up to the Completion Date (as defined below) (the “**Loan**”) (the “**Assignment**”),

(collectively, the “**Assets**”).

As at 31 December 2013, the Loan amounted to about HK\$42,125,790.80.

Mr Lee and Mr Lin are the owners of the entire issued share capital of the Vendor and have agreed to be joined as parties to the Agreement to guarantee the due and full performance of the Vendor’s obligations thereunder (the “**Guarantors**”). They, with the Vendor, shall be referred to as the “**Convenantors**”.

Unless otherwise defined herein, capitalised terms not defined herein shall have the same meaning as ascribed to them in the Announcements, unless the context otherwise requires.

2. DETAILS OF THE ACQUISITION

2.1 Consideration

The consideration for the Sales Shares is HK\$515,432,000 (the “**Consideration**”), and will be satisfied by the Purchaser to the Vendor in the following manner:

- (a) HK\$12,000,000 in cash, as deposit and/or part payment of the Consideration, set off against the earnest money paid by the Purchaser of the memorandum of understanding and supplemental memorandum of understanding detailed in paragraph 1 above;
- (b) HK\$ 5,000,000, as deposit and/or part payment of the Consideration, payable within two (2) business days after the signing of the Agreement to the Vendor or its nominee;
- (c) HK\$498,432,000 through the issue of a HK\$498,432,000 convertible note by the Company (the “**Convertible Note**”) to the Vendor (or such person(s) as it may direct in writing). For further details of the Convertible Note, please refer to paragraph 2.2 below.

The Consideration is financed through a combination of internal resources and the issue of the Convertible Note.

The Consideration was arrived at after arm's length negotiations between the Company and the Vendor on normal commercial terms with reference to a project evaluation of the business of the Benxi Liaoyou Xinshidai Ranqi Co (the "**PRC Operating Co**"), a company established in the PRC, and which is primarily engaged in the business of the supply of natural gas (the "**Preliminary Valuation**"). The Target holds approximately 89.18% indirect equity interest in the PRC Operating Co, and its business is primarily operated through the PRC Operating Co. Based on the Preliminary Valuation, the financial net present value of the Benxi Project was in the range of RMB550 million to RMB630 million as performed by an independent valuer, LCH (Asia-Pacific) Surveyors Limited (the "**Valuer**"). Accordingly, based on the Preliminary Valuation, the value of the Company's effective interest in the Benxi Project (as defined below) pursuant to the Acquisition is between HK\$608.75 million and HK\$697.29 million (based on the exchange rate of RMB1:HK\$1.2411 as at 5 May 2014). Details of the Preliminary Valuation are set out in paragraph 2.3 below.

2.2 Information on the Convertible Note and the Convertible Note Issue

Pursuant to the Convertible Note, the Company proposes to issue a three-year Convertible Note in the principal amount of HK\$498,432,000 to the Vendor as part payment of the Consideration upon completion of the Agreement ("**Completion**"). The Convertible Note will not be listed and quoted on any stock exchange.

The Company confirms that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and the Guarantors are not persons prohibited under Rule 812 of the Listing Manual.

An application will be made to the SGX-ST, among others, for the listing and quotation of the Shares to be issued pursuant to the conversion of the Convertible Note on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company will make the relevant announcement upon receipt of the outcome of the application.

A summary of the principal terms of the Convertible Note is set out below:

2.2.1 Interest

No interest will be payable.

2.2.2 Maturity

The day following the third anniversary of the date of issue of the Convertible Note (the "**Maturity Date**").

2.2.3 Conversion rights

The holder of the Convertible Note may convert the whole or part of the Convertible Note into shares of the Company ("**Shares**") at the Conversion Price (as defined below) during the conversion period mentioned below.

The exercise of the conversion rights is subject to the following restrictions (the "**Conversion Restrictions**"):

- (i) the public float of the Shares shall not be less than the specific percentage as required by the Listing Rules of the Stock Exchange of Hong Kong Limited (the "**SEHK**") (the "**Listing Rules**") and/or the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**") (where applicable) immediately following such exercise;

- (ii) the aggregate shareholding of the Noteholder and parties acting in concert with it (as defined in the Code on Takeovers and Mergers of Hong Kong (the “**Hong Kong Takeovers Code**”) and/or the Singapore Code on Take-overs and Mergers (the “**Singapore Take-over Code**”)) immediately after such exercise shall not exceed 29.9% (or if applicable, the maximum percentage (to one decimal place) of the Shares it could then acquire without being required to make a mandatory general offer for the Shares under Rule 26 of the Hong Kong Takeovers Code and/or Rule 14 of the Singapore Take-over Code (if applicable)) of the enlarged issued share capital of the Company; and
- (iii) there shall not be a change in control (being the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies) of the Company under the Listing Manual (where applicable).

Please refer to paragraph 4 entitled “Changes in the interests of Directors and Substantial Shareholders following the conversion of the Convertible Note” below for information on the maximum number of Shares issuable under the Convertible Note.

2.2.4 Conversion price

Based on the exchange rate of S\$1:HK\$6.19775, the conversion price of HK\$2.36 per Share (subject to adjustment) (the “**Conversion Price**”), represents:

- (i) a discount of approximately 12.04% to the volume weighted average price per Share of S\$0.4329 per Share quoted on the Main Board of the SGX-ST on 28 April 2014, being the market day preceding the date of the Agreement on which Shares were transacted on the SGX-ST; and
- (ii)
 - (a) a discount of approximately 12.92% and 14.18% respectively to the closing prices per Share of HK\$2.71 per Share quoted on the Stock Exchange of Hong Kong (“**SEHK**”) and S\$0.44 per Share quoted on the SGX-ST on the market day prior to this announcement on which Shares were transacted on the SEHK and the SGX-ST (as the context requires);
 - (b) a discount of approximately 14.18% and 14.18% respectively to the average closing prices of HK\$2.75 per Share quoted on the SEHK and S\$0.44 per Share quoted on the SGX-ST for the last five (5) consecutive trading days prior to this announcement on which Shares were transacted on the SEHK and the SGX-ST (as the context requires); and
 - (c) a discount of approximately 15.11% and 12.19% to the average closing prices of HK\$2.78 per Share quoted on the SEHK and S\$0.43 per Share quoted on the SGX-ST for the last ten (10) consecutive trading days prior to this announcement on which Shares were transacted on the SEHK and the SGX-ST (as the context requires).

Assuming that the holder of the Convertible Note exercises the conversion right in full at the Conversion Price (without adjustment), a total of 211,200,000 Shares will be issued, representing about 84.8% of the existing issued share capital of the Company⁽¹⁾ and 45.9% of the issued share capital of the Company as enlarged by such issue⁽¹⁾. Notwithstanding the aforementioned, the conversion right of the holder of the Convertible Note is subject to the Conversion Restrictions. The discount was determined on a willing buyer, willing seller and at an arm’s length bases.

No fraction of a share will be on conversion but an equivalent cash payment in Hong Kong dollars will be made to the holder of the Convertible Note in respect of such fraction, save where such cash payment is less than HK\$10.

The Conversion Price of the Convertible Note is subject to adjustments in certain events, including inter alia, subdivision or consolidation of shares in the capital of the Company, capitalisation of profits or reserves, capital distribution, rights issue and options over shares in the capital of the Company.

Note:

- (1) Assuming that the number of Shares in the issued share capital of the Company on the date of the conversion of the Convertible Note is the same as the number of Shares in the issued share capital of the Company on the date of this announcement.

2.2.5 Conversion period

The Convertible Note may be converted in whole or in part at any time from the issue date of the Convertible Note to the Maturity Date in amounts of not less than HK\$1 million.

2.2.6 Ranking

Shares issued on conversion of the Convertible Note will rank pari passu in all respects with the existing shares of the Company at the date of such conversion.

2.2.7 Voting

The holder of the Convertible Note will not be entitled to attend or vote at general meetings of the Company.

2.2.8 Transferability

The Convertible Note will be transferable subject to the approval of the Board and, if required, the SEHK and/or the SGX-ST.

2.3 Information on the Target and its businesses

The Target is incorporated in BVI on 10 October 2012 and is wholly owned by the Vendor. The principal business activity of Target is investment holding. The business of the Target is primarily operated through the **PRC Operating Co** which is primarily engaged in the business of the supply of natural gas. The Target holds about 89.18% indirect equity interest in the PRC Operating Co, which has obtained an exclusive right to supply natural gas in the Xihu District of Benxi City, Liaoning Province, the PRC (中國遼寧省本溪溪湖區) (including 東風湖鋼鐵深加工產業園 (Dongfenghu Steel Deep Processing Industrial Park in the Supply District ("DFH Industrial Park")) (the "**Supply District**") for 30 years commencing on 30 March 2012 (the "**Term**") from the local government, the People's Government of Xihu District of Benxi City (the "**Benxi Project**").

The map below shows the location of Supply District in Benxi City as highlighted:



The Supply District is located in the north-west of Benxi City, has a total area of 138 km² and a population of approximately 250,000 in 2010. The economic structure of Supply District mainly consists of heavy industry such as steel production, coal industry and construction material production. Other economic activities in the Supply District include electronics industry, chemical industry and other light industry. In 2012, the Supply District had accomplished industrial added value over RMB3 billion.

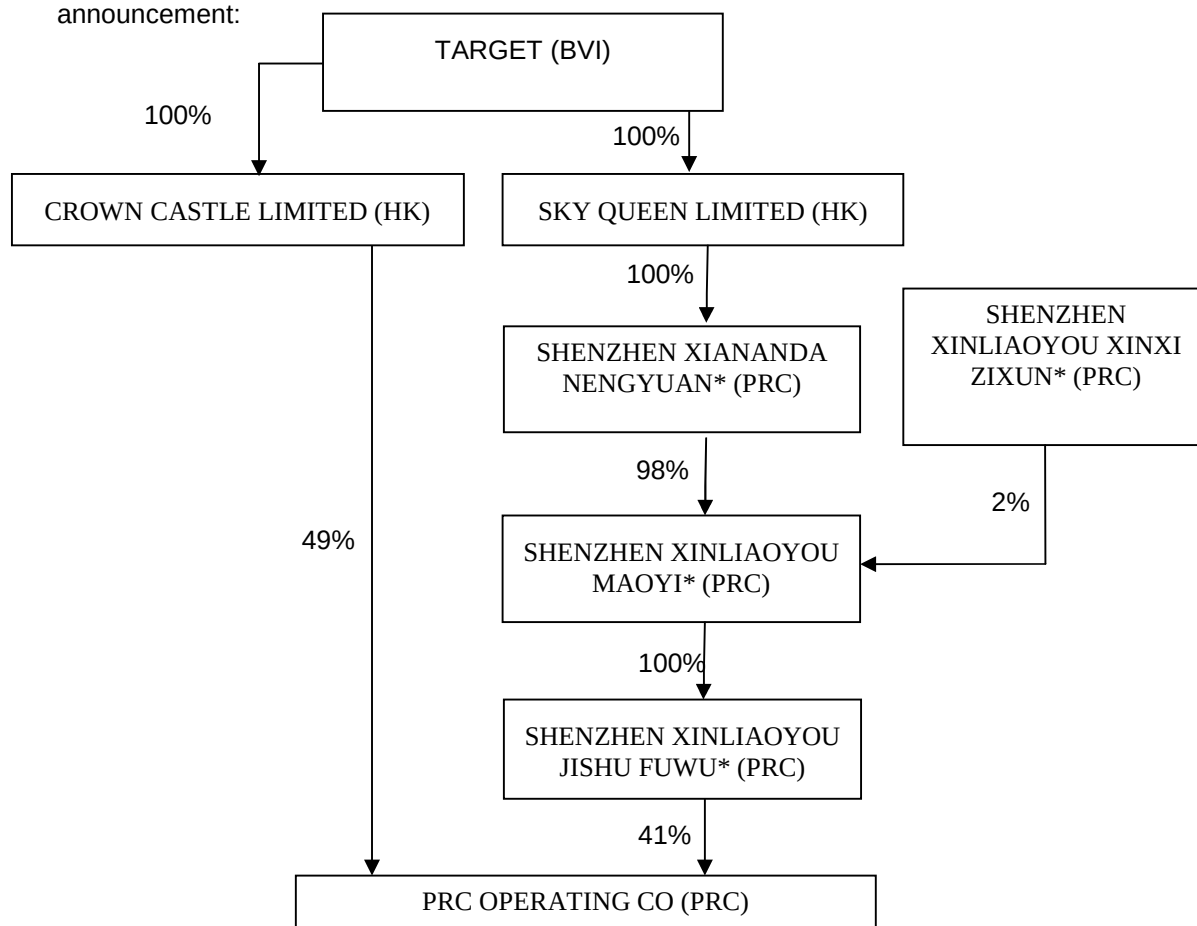
According to the exclusive operation agreement between the local government and the PRC Operating Co dated 30 March 2012 (as supplemented on 30 May 2013), the PRC Operating Co is granted the exclusive operation right to supply natural gas, including liquefied natural gas (“LNG”) and compressed natural gas (“CNG”) in the Supply District for the Term. For the natural gas supply operations, the PRC Operating Co has planned and commenced the construction of the following facilities in the Supply District since the second quarter of 2013:

1. natural gas pipe lines within the commercial and industrial area of DFH Industrial Park and related facilities, including a natural gas station at DFH Industrial Park with capacity of 150 million cubic metres per year;
2. one LNG main station or CNG main station and five LNG or CNG satellite stations within the Supply District;
3. a LNG or CNG station for the truck and public transportation of 火連寨 (Huolianzhai*) in the Supply District; and
4. facilities for the supply of LNG or CNG to a market of 52,500 households of residents in the Supply District.

As at the date of this announcement, the construction work of natural gas pipe lines within the commercial and industrial area of DFH Industrial Park as set out in item 1 of the construction plan mentioned above has been completed. The Target and its subsidiaries (collectively, the “**Target Group**”) have entered into upstream natural gas supply agreements with 盤錦遼河油田金東油氣工程有限公司 (Panjin Liaohe Youtian Jindong Youqi Gongcheng Company Limited*) and 昆倫能源（大連）有限公司 (Kunlun Energy (Da Lian) Company Limited*) respectively and intend to commence natural gas supply operations to its industrial customers in the DFH Industrial Park of the Supply District in mid-May 2014.

Other construction works for residential and commercial natural gas supply facilities as set out in items 2 to 4 of the construction plans mentioned above are in progress. Based on the information provided by the management team of the Target Group, it is expected that natural gas supply operations for the residential and commercial sectors within the Supply District will begin by the end of 2014 and 2015 respectively.

The following chart set forth the Target Group's corporate structure as at the date of this announcement:



Notes:

"Shenzhen Xiananda Nengyuan"	深圳先安達能源有限公司, a company established in the PRC on 29 September 2013 and a wholly owned subsidiary of the Target
"Shenzhen Xinliaoyou Jishu Fuwu"	深圳新遼油技術服務有限公司, a company established in the PRC on 22 July 2013 and a 98% owned subsidiary of the Target
"Shenzhen Xinliaoyou Maoyi"	深圳新遼油貿易有限公司, a company established in the PRC on 19 July 2013 and a 98% owned subsidiary of the Target
"Shenzhen Xinliaoyou Xinxi Zixun"	深圳新遼油信息諮詢有限公司, a company established in the PRC and an independent third party

According to the corporate structure set out above, the effective interest of the Target in the PRC Operating Co is approximately 89.18%. To the best knowledge of the Directors, the remaining approximately 10.82% equity interest in the PRC Operating Co is held by independent third parties.

2.4 Financial information of the Target

According to the unaudited consolidated management accounts of the Target Group for the period from 10 October 2012 to 31 December 2013, selected financial information is set out as below:

	For the period from 10 October 2012 to 31 December 2013 (unaudited) (HKD'000)
Profit before taxation	120,073
Profit after taxation	120,073
	As at 31 December 2013 (unaudited) (HKD'000)
Net asset value	124,101

2.5 Preliminary Valuation of the Target (and Rules 1012 and 1013 of the Listing Manual)

The Preliminary Valuation is a preliminary desktop evaluation of the financial net present value of the Benxi Project, and was commissioned by the Company for the purpose of the acquisition of the Target. The Letter of Value, in which the Preliminary Value is set out, is dated 5 May 2014.

The Letter of Value, which has been arrived at using the discounted cash flow method, is based on the discounted cash flow forecasts of the Target Group (the “**Forecasts**”) provided by the management of the Company. The Forecasts are regarded as a profit forecast in relation to a major acquisition, Rules 1012 and 1013 of the Listing Manual are applicable.

2.5.1 Commercial Bases and Assumptions for the Forecasts

The Forecasts were based on the following assumptions:

- (i) the daily service capacity is able to satisfy the according demand for the entire duration of the Benxi Project;
- (ii) the cost burden in price fluctuations of natural gas supply is completely transferred to end users from time to time, such that the gross profit for every unit of product sold is maintained;
- (iii) the capacity of the LNG and CNG refilling stations will be fully utilised in 2018;
- (iv) the capacity of the pipeline gas facilities will be fully utilised in 2017;
- (v) the number of dump trucks in the Supply District amount to 800, such that 60% is expected to fuel by LNG at full capacity;
- (vi) the number of public transport in the Supply District amount to 1,000, such that 80% is expected to fuel by LNG at full capacity;
- (vii) the number of taxies in the Supply District amount to 4,500, such that 80% is expected to fuel by CNG at full capacity;

- (viii) the number of private vehicles in the Supply District amount to 25,500, such that 20% is expected to fuel by CNG at full capacity;
- (ix) the number of household units in the Supply District amount to 52,500, such that 80% is expected to consume pipeline gas at full capacity;
- (x) the number of restaurants in the Supply District amount to 1,500, such that 80% is expected to consume pipeline gas at full capacity;
- (xi) the number of accommodation facilities in the Supply District amount to 200, such that 60% is expected to consume pipeline gas at full capacity;
- (xii) the fixed assets have a useful life of 15 years with no residual value; and
- (xiii) the working capital is expected to be insignificant due to the net off in receivables and payables save except for the initial set up of reserve/backup LNG tanks.

Based on the aforementioned assumptions and investigations, analysis, reasoning and data provided, the Preliminary Valuation of the financial net present value of the Benxi Project was in the range of RMB550 million to RMB630 million. Accordingly, based on the Preliminary Valuation, the financial net present value of the Company's effective interest of approximately 89.18% in the Benxi Project acquired pursuant to the Acquisition is approximately valued in the range of HK\$608.75 million and HK\$697.29 million (based on the exchange rate of RMB1:HK\$1.2411 as at 5 May 2014).

The Joint Auditor of the Company, BDO LLP ("**BDO**"), have reviewed the above bases and assumptions of the Forecasts, the accounting policies and calculations thereof in accordance with the Singapore Standard on Assurance Engagements 3400, the Examination of Prospective Financial Information, and have confirmed that nothing has come to their attention which causes them to believe that the assumptions adopted by the Directors do not provide a reasonable basis for the Forecasts. BDO has also confirmed that, based on their review, the Forecast has been properly prepared on the basis of the assumptions adopted by the Directors, and is consistent with the accounting policies which comply with the International Financial Reporting Standards, being the accounting framework adopted by the Company in the preparation of its financial statements.

BDO's report was prepared based on current economic, market and other conditions prevailing at the date of the Announcement. Such conditions may vary significantly over relatively short periods of time and are beyond the control of BDO. BDO also does not express any opinion as to the viability in respect of the realisation of the Forecasts

2.5.2 View of the Board

The Board confirms that the Forecast was made upon due and careful enquiry. The Board is of the view that the Forecasts of the Company are reasonable and attainable and in accepting the Forecasts took into account the following considerations:

- (i) in view of the demand of natural gas products in the PRC market, the potential profitability of the Target Group and the importance of natural gas supply as a source of energy, the Acquisition and the Benxi Project presented an ideal opportunity for the Company to expand its revenue base and obtain a relatively stable income stream;
- (ii) the Consideration, which was arrived at on a willing buyer willing seller basis after arm's length negotiations, is HK\$515,432,000, which is lower than the value of the

Loan and the approximate value of the Company's effective interest in the Benxi Project acquired pursuant to the Acquisition was in the range of HK\$608.75 million and HK\$697.29 million based on the Preliminary Valuation range provided by the Valuer in its Letter of Value and the exchange rate of RMB1:HK\$1.2411 as at 5 May 2014. As such, in the view of the Board, the Consideration is reasonable; and

- (iii) the Guarantors have agreed to be joined as parties to the Agreement to indemnify the Purchaser against and guarantee the obligations of the Vendor thereunder, including but not limited to the representations, warranties and undertakings in relation to the Target Group.

2.6 **Conditions Precedent**

Completion is conditional upon:

- (a) the passing at a special general meeting of the Company to be convened and held in accordance with the requirements of the Listing Rules and the Listing Manual of resolutions to approve the Agreement and the transactions contemplated therein, including the issue of the Convertible Note and the issue of Shares upon the exercise of the conversion rights attached to the Convertible Note;
- (b) the approval of the SEHK and/or the SGX-ST to the issue of the Convertible Note by the Company, if required;
- (c) the granting of a listing and quotation of and permission to deal in the Shares issuable upon exercise of the conversion rights attached to the Convertible Note by the Listing Committee of the SEHK and the SGX-ST (as may be applicable);
- (d) the Purchaser completing a review of the financial, trading and legal position of the Target Group and such review not revealing any breach of the representations, warranties or undertakings of the Purchaser and the Guarantors in respect of the Target Group;
- (e) the Purchaser being reasonably satisfied that the PRC Operating Co has good marketable title to the land use right of a site of 17,100 square meters at 中國遼寧省本溪市溪湖區東風街道辦事處新興村 up to 8th August, 2063 for industrial use and the buildings thereon;
- (f) the Purchaser receiving opinion from its legal advisers in the British Virgin Islands and the PRC on the status of the Target and its subsidiaries incorporated in the PRC respectively in form and substance satisfactory to the Purchaser;
- (g) the commencement of full commercial supply of natural gas to a customer in the Supply District to the satisfaction of the Purchaser;
- (h) each of the contracts entered into between the PRC Operating Co and various parties remaining valid and subsisting with all parties thereto complying with its terms and conditions;
- (i) each of the representations, warranties and undertakings provided by the Convenantors in respect of the Target Group remaining true and accurate in all material aspects; and
- (j) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated thereunder having been obtained by the Vendor, Purchaser and Guarantors, and such consents, approvals and waivers not having been amended or revoked before Completion, and if any such consents, approvals or waivers are subject to conditions, such conditions being

acceptable to the Purchaser.

The Parties shall use their best endeavours to fulfil the above conditions precedent as soon as practicable. If the aforesaid conditions have not all been fulfilled or waived by the Purchaser (except the conditions set out in (a) to (c) and (j)) by 31 October 2014 (or such later date as the parties may mutually agree in writing), the Agreement shall lapse and be of no further effect, in which event the deposit shall be refunded to the Purchaser and the Parties shall be released from such obligations without any liability save as to any antecedent breach and provided that any right or remedies which shall have accrued shall not be prejudiced or affected.

2.7 **Guarantee provided by the Guarantors**

The Guarantors (as principal obligors and not merely as surety) have jointly and severally unconditionally guaranteed full prompt and complete performance by the Vendor of all of its obligations under or arising out of or in connection with the Agreement and undertaken to the Purchaser that if and whenever the Vendor shall be in default, the Guarantors will (subject to the foregoing) duly promptly perform or procure such performance of such obligations, and shall fully indemnify the Purchaser against all loss and damages arising in connection thereof.

2.8 **Completion**

Completion shall take place on the second (2nd) business day after the fulfillment of all the conditions.

Upon Completion, the Target will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

3. **RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE SGX-ST LISTING MANUAL**

The relative figures computed on bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Manual”), and based on the latest audited financial statements of the Group for the financial year ended 31 December 2014, are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the Company's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	Net loss of HK\$3,309 attributable to the assets acquired or disposed of ⁽¹⁾ , compared with the Company's net loss of approximately HK\$19,643,000 ⁽²⁾	Not meaningful ⁽³⁾
(c)	Aggregate value of the consideration given or received (being HK\$515,432,000), compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (being HK\$668,249,250) ⁽⁴⁾	77.13%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	84.80%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) As at the financial year ended 31 December 2013.
- (2) As at the financial year ended 31 December 2013.
- (3) The relative figure is not meaningful as the Company had recorded a net loss in the financial year ended 31 December 2013.
- (4) Based on the consideration of approximately HK\$515,432,000 and the market capitalisation of the Company of approximately HK\$678,113,320.40 as at 28 April 2014, and based on the exchange rate of S\$1:HK\$6.19775. Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of Shares in issue excluding treasury shares, being 249,067,373 Shares, and the volume weighted average price of S\$0.4329 per Share on 28 April 2014 (being the market day preceding the date of the Agreement on which Shares were traded).

Notwithstanding that the relative figure under Rule 1006(b) is not meaningful, as the relative figure under Rule 1006(c) and 1006(d) exceed 20.0%, the Acquisition constitutes a major transaction as defined in Rule 1014. Pursuant to Rule 1014(2) of the Listing Manual, a major transaction must be made conditional upon approval by Shareholders in general meeting. As a result, the Acquisition will be conditional upon the Company obtaining shareholders' approval for these transactions at a special general meeting to be convened.

4. CHANGES IN THE INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS FOLLOWING THE CONVERSION OF THE CONVERTIBLE NOTE

For illustrative purpose only, set below is a summary of the shareholdings of Directors and Substantial Shareholders of the Company (i) as at the date of this announcement; (ii) immediately after issue and allotment of the Shares upon conversion of the Convertible Notes in full at the initial Conversion Price assuming there being no other change in the shareholding structure and share capital of the Company and of the Vendor from the date of this announcement to the date of conversion:

Shareholders	As at the date of this announcement		After allotment of the maximum number of Shares upon full conversion of the Convertible Note at the initial Conversion Price ⁽¹⁾	
	Direct and Deemed Interest			
	Number of Shares	%	Number of Shares	%
<u>Directors</u>				
Sze Chun Lee ⁽²⁾	66,240,848	26.59	66,240,848	14.39
Chan Wai Ming ⁽³⁾	66,060,848	26.52	66,060,848	14.35
Lam Shek Kin ⁽⁴⁾	100,000	0.04	100,000	0.02
Chung Oi Ling ⁽⁵⁾	20,634,000	8.28	20,634,000	4.48
<u>Substantial Shareholders</u>				
China Print Power Limited ^{(2) (3) (4)}	66,060,848	26.52	66,060,848	14.35
Flame Capital Limited ⁽⁵⁾	20,634,000	8.28	20,634,000	4.48
Vendor ⁽⁶⁾	-	-	211,200,000	45.88
Mr Lee ⁽⁶⁾	-	-	211,200,000	45.88
Public Shareholders	162,192,525	65.09	162,192,525	35.23
Total	249,067,373	100.00	460,267,373	100.00

Notes:

1. The Company will not be obliged to issue any Shares pursuant to any conversion notice which is in contravention of the Conversion Rights. For further details, please refer to paragraph 2.2.3 above entitled "Conversion rights".

2. Mr. Sze Chun Lee, an executive Director and the chief executive officer of the Company, holds 43.75% of the interests in China Print Power Limited and is accordingly deemed interested in the interest in Shares held by China Print Power Limited.
3. Mr. Chan Wai Ming, an executive Director of the Company, holds 37.5% of the interests in China Print Power Limited and is accordingly deemed interested in the interest in Shares held by China Print Power Limited.
4. Mr. Lam Shek Kin, an executive Director of the Company, holds 18.75% of the interests in China Print Power Limited.
5. Ms. Chung Oi Ling Stella, an executive Director of the Company, holds 100% of the interests in Flame Capital Limited and is accordingly deemed interested in the interest in Shares held by Flame Capital Limited.
6. Mr Lee holds 84.38% of the interests in the Vendor and is accordingly deemed interested in the interest in Shares held by the Vendor.

5. **FINANCIAL EFFECTS OF THE ACQUISITION**

The pro forma financial effects below have been prepared on the audited financial statements of the Group for FY2013 and are strictly for illustration purposes. In order to provide a complete and meaningful illustration of the impact of the Acquisition on the Group, the financial effects illustrated below have been adjusted to take into account the share placing that was completed by the Company on 28 January 2014, whereby 40,018,000 Shares were allotted and issued at an issue price of HK\$2.60 per Share.

Shareholders should note that the illustrative pro forma financial effects set out below are based on the review by the management of the Company based on the management accounts of the Target, and may be subject to further changes when the preparation of the pro forma financial statements have been completed by the Company's joint auditor, BDO Limited, Hong Kong. The Company will make a further announcement on the pro forma financial effects of the Acquisition on the Net Tangible Assets ("NTA") per Share and the Earnings per Share ("EPS") when the preparation of the pro forma financial statements is completed if there are any material changes to the pro forma financial effects below and where necessary and appropriate.

NTA per share

Assuming that the Acquisition had been completed on 31 December 2013 and based on the audited financial statements of the Company for FY2013, the pro forma financial effects which the Acquisition would have on the NTA per share are as follows:

	Before Acquisition	After Acquisition (assuming that the Convertible Note is not converted)	After Acquisition (assuming that the Convertible Note is fully converted to Shares at the initial Conversion Price)
NTA (HK\$)	193,904,000	(204,717,000)	196,755,000
Number of Shares	249,067,373	249,067,373	460,367,373
NTA per Share (HK\$)	0.78	(0.82)	0.43

EPS

Assuming that the Acquisition had been completed on 1 January 2013 and based on the audited consolidated financial statements of the Group for FY2013, the pro forma financial effects which the Acquisition would have on the EPS are as follows:

	Before Acquisition	After Acquisition (assuming that the Convertible Note is not converted)	After Acquisition (assuming that the Convertible Note is fully converted to Shares at the initial Conversion Price)
(Loss) attributable to Shareholders (HK\$)	(58,569,000)	(62,332,000)	(62,332,000)
Number of Shares	249,067,373	249,067,373	460,367,373
(Loss) per Share (HK cents)	(2.35)	(2.50)	(1.35)

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Acquisition. No representation is made as to the actual financial position and/or results of the Group after completion of the Acquisition.

6. RATIONALE FOR THE ACQUISITION

The principal activity of the Company is investment holding. The Group is principally engaged in the printing business and sales of paper and leather products. Whilst the Group remains focused on developing its existing businesses, the Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and engage in a new line of business with growth potential.

In view of the weak business sentiments in the printing market, the Directors have been exploring different business opportunities to boost the business performance of the Group in order to enhance the Company's value as a whole. In late 2013, the Company began to venture into natural gas supply industry by the acquisition of a 60% equity interest in CNG station operations. The Directors consider that as natural gas is one of the main sources of energy, natural gas supply operations will deliver the Company a relatively stable income stream.

Given the demand of natural gas products in the PRC market and its future market potential, the Company proposes to make the Acquisition in order to further establish its market presence and strengthen its existing business portfolio of natural gas operations in the PRC. The Directors consider that the Acquisition, if it materialises, will enable the Group to expand its natural gas business operations.

The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

7. INTERESTS OF DIRECTOR AND SUBSTANTIAL SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition. The

Directors are also not aware of any substantial shareholders who have any interest, direct or indirect (other than their shareholdings in the Company), in the Acquisition.

8. SERVICE CONTRACTS

There are no directors who are proposed to be appointed as a Director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Agreement and the Letter of Value is available for inspection during normal business hours at the Company's Singapore share registrar and share transfer office, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 for a period of three (3) months from the date of this announcement.

10. DESPATCH OF CIRCULAR

The Acquisition and Convertible Note Issue are subject to the approval of Shareholders. The Company will in due course despatch to the Shareholders a circular containing information relating to the Acquisition and the Convertible Note Issue for the purpose of seeking Shareholders' approval of the same at a special general meeting to be convened.

By Order of the Board

Tsui Kan Chun
Joint Company Secretary
China Print Power Group Limited

5 May 2014