

VIBROPOWER CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 200004436E)

Announcement Relating To The Increase In Equity Interest In Shanxi Weineng Coal Mine Gas Development Co., Ltd and Updates on the progress of the Group's Coal Mine Methane Power Generation Project undertaken by Shanxi Weineng Coal Mine Gas Development Co., Ltd

The Board of Directors of VibroPower Corporation Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary, namely VibroPower Hong Kong Limited (“**VibroPower Hong Kong**”) had on 9 August 2013 entered into a share purchase agreement with Shanxi Weidi Project Management Co., Ltd (“**Shanxi Weidi**”) (the “**Share Purchase Agreement**”) in respect of VibroPower Hong Kong acquiring 18% equity interest in Shanxi Coal Mine Gas Development Co., Ltd (“**Shanxi Weineng**”) from Shanxi Weidi (the “**Acquisition**”).

For the purpose of this announcement, the exchange rate between S\$ and HK\$ is S\$1 equivalent to HK\$6.22 and the exchange rate between S\$ and RMB is S\$1 equivalent to RMB5.

1. Background

Shanxi Weineng is a joint venture company established by VibroPower Hong Kong and its joint venture partner, Shanxi Weidi in the People’s Republic of China (the “**PRC**”), prior to the Acquisition, the equity interest of VibroPower Hong Kong and Shanxi Weidi in Shanxi Weineng are 49% and 51%, respectively. VibroPower Hong Kong had, by 20 October 2011 paid HK\$14.7million (approximately S\$2.4 million) for its 49% equity interest in Shanxi Weineng. However, as at 6 June 2012, Shanxi Weidi had not paid the subscription amount for its 51% equity interest in Shanxi Weineng.

In view of the above, on 6 June 2012, shareholders of Shanxi Weineng resolved to reduce the registered capital of Shanxi Weineng from HK\$30million (approximately S\$4.82million) to HK\$17.5million (approximately S\$2.81million) (the “**Capital Reduction**”). Subsequent to the Capital Reduction, VibroPower Hong Kong’s equity interest in Shanxi Weineng increased from 49% to 82% (“**Increase in Equity Interest in Shanxi Weineng**”) and the remaining 18% equity interest in Shanxi Weineng is held by Shanxi Weidi.

2. Key Terms of the Acquisition

The Consideration

The consideration (the “**Consideration**”) payable to Shanxi Weidi for the Acquisition of 18% equity interest (“**Acquisition Shares**”) in Shanxi Weineng is RMB 1 million (approximately S\$200,000). The Consideration was arrived on a willing buyer and willing seller basis after taking into account the net book value per Acquisition Share of S\$0.16 as at 31 December 2012.

Rationale for the Acquisition

The Acquisition is consistent with the Company’s intention to expand its power generation business in the PRC.

Completion

The Increase in Equity Interest in Shanxi Weineng by VibroPower Hong Kong was completed on 3 September 2012.

The Share Purchase Agreement for the Acquisition of remaining 18% equity interest was entered on 9 August 2013 and VibroPower Hong Kong and in accordance with the terms thereof, payment of the cash Consideration was made on 31 October 2013.

Approval has been obtained from the local government authorities from Yangquan on 28 February 2014 and upon Completion of the Acquisition (the “**Completion**”), Shanxi Weineng became a wholly owned subsidiary of VibroPower Hong Kong and the previous collaboration agreement signed between VibroPower Hong Kong and Shanxi Weidi was terminated.

Source of Funds

The Consideration was funded by the Company through the Group’s internal resources.

3. Rule 1006 of Listing Manual

The relative figures computed on the basis set out in Rule 1006 of the SGX-ST Listing Manual in relation to the Acquisition are as follows:-

Rule 1006	Relative Figures for the Increase in Equity Interest in Shanxi Weineng	Relative Figures for the Acquisition
<u>Rule 1006(a)</u> Net asset value of assets to be disposed of, compared with the group's net asset value (not applicable to acquisition of assets)	Not applicable	Not applicable
<u>Rule 1006(b)</u> Net profit attributable to the assets acquired or disposed of, compared with the Group's net profit	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾
<u>Rule 1006(c)</u> The aggregate value of the consideration given or received, compared with the company's market capitalisation based on the total number of shares excluding treasury shares of the Company	Not applicable ⁽²⁾	1.19% ⁽³⁾
<u>Rule 1006(d)</u> Number of equity securities issued by the company as consideration for an acquisition, compared with number of equity securities previously in issue	Not applicable	Not applicable

Notes:

- ⁽¹⁾ Not applicable as Shanxi Weineng has no transaction in profit /loss since it has not commenced its operation as at the date of this announcement.
- ⁽²⁾ Not applicable as no consideration was paid for the Increase in Equity Interest in Shanxi Weineng.
- ⁽³⁾ Based on the market capitalisation of the Group as at 9 August 2013, being the last full market day immediately preceding the entry into the Share Purchase Agreement.

Based on the above computations, the Acquisition constitutes to a non-discloseable transaction for the purpose of Chapter 10 of the SGX-ST Listing Manual.

4. Financial Effects

The Acquisition does not have any adverse impact on the Group's net tangible asset ("**NTA**"). However, for illustrative purposes only and do not reflect the financial position of the Company or the Group after the completion of the Acquisition. The financial effects set out below are based on the Group's financial statements for the year ended 31 December 2012 ("**FY 2012**") and 31 December 2013 ("**FY 2013**") respectively, assuming that the Acquisition had been effected on (i) 31 December 2012 and 31 December 2013 respectively for the purpose of the financial effects on NTA and gearing, and (ii) 1 January 2012 and 1 January 2013 respectively for the purpose of the financial effect on earnings per share ("**EPS**").

(i) Share Capital

As at the date of this announcement, the registered and paid-up share capital of the Company is S\$14.4 million comprising 335,509,121 shares excluding treasury shares. The Acquisition will have no impact on the share capital of the Company as no new shares of the Company will be issued.

(ii) NTA

	FY 2013			
	Before the Increase in Equity Interest in Weineng	the Increase in Equity Interest in Shanxi Weineng	Before completion of the Acquisition	After completion of the Acquisition
NTA (S\$'000) ⁽¹⁾	20,844	21,756	21,756	21,055
Number of Shares ('000)	335,509 ⁽²⁾	335,509 ⁽²⁾	335,509 ⁽²⁾	335,509 ⁽²⁾
NTA per share (SGD cents)	6.21	6.48	6.48	6.28

Notes:

- ⁽¹⁾ Excludes non-controlling interests and intangible assets.
⁽²⁾ Total number of issued shares excluding treasury shares as at 31 December 2013.

	FY 2012			
	Before the Increase in Equity Interest in Weineng	the Increase in Equity Interest in Shanxi Weineng	Before completion of the Acquisition	After completion of the Acquisition
NTA (S\$'000) ⁽¹⁾	22,561	22,080	22,080	21,875
Number of Shares ('000)	335,509 ⁽²⁾	335,509 ⁽²⁾	335,509 ⁽²⁾	335,509 ⁽²⁾
NTA per share (SGD cents)	6.72	6.58	6.58	6.52

Notes:

- ⁽¹⁾ Excludes non-controlling interests and intangible assets.
⁽²⁾ Total number of issued shares excluding treasury shares as at 31 December 2012.

(iii) EPS

	FY 2013			
	Before the Increase in Equity Interest in Shanxi Weineng	After the Increase in Equity Interest in Shanxi Weineng	Before completion of the Acquisition	After completion of the Acquisition
Net profit after tax attributable to equity holders of the Company (S\$'000)	352	368	368	352
Number of Shares ('000)	335,509 ⁽¹⁾	335,509 ⁽¹⁾	335,509 ⁽¹⁾	335,509 ⁽¹⁾
Earnings per share (SGD cents)	0.105	0.110	0.110	0.105

Note:

⁽¹⁾ Number of weighted average of the issued ordinary shares of the Company as at 31 December 2013.

	FY 2012			
	Before the Increase in Equity Interest in Shanxi Weineng	After the Increase in Equity Interest in Shanxi Weineng	Before completion of the Acquisition	After completion of the Acquisition
Net profit after tax attributable to equity holders of the Company (S\$'000)	2,134	2,167	2,167	2,134
Number of Shares ('000)	337,806 ⁽¹⁾	337,806 ⁽¹⁾	337,806 ⁽¹⁾	337,806 ⁽¹⁾
Earnings per share (SGD cents)	0.632	0.641	0.641	0.632

Note:

⁽¹⁾ Number of weighted average of the issued ordinary shares of the Company as at 31 December 2012.

(iv) Gearing

	FY2013			
	Before the Increase in Equity Interest in Shanxi Weineng	After the Increase in Equity Interest in Shanxi Weineng	Before completion of the Acquisition	After completion of the Acquisition
Total net borrowings ⁽¹⁾ (S\$'000)	6,059	6,059	6,059	6,059
Total adjusted capital ⁽²⁾ (S\$'000)	20,844	21,756	21,756	21,055
Gearing ratio ⁽³⁾	29.07%	27.85%	27.50%	28.78%

Notes:

⁽¹⁾ Includes loans, borrowings and bills payable to banks less cash and cash equivalents.

⁽²⁾ Includes share capital, retained earnings and other reserves exclude non-controlling interests.

⁽³⁾ Gearing ratio is the ratio of consolidated net borrowings to adjusted capital.

	FY2012			
	Before the Increase in Equity Interest in Shanxi Weineng	After the Increase in Equity Interest in Shanxi Weineng	Before completion of the Acquisition	After completion of the Acquisition
Total net borrowings ⁽¹⁾ (S\$'000)	5,246	5,246	5,246	5,446
Total adjusted capital ⁽²⁾ (S\$'000)	22,561	22,080	22,080	22,361
Gearing ratio ⁽³⁾	23.3%	23.8%	23.8%	24.4%

Notes:

- (1) Includes loans, borrowings and bills payable to banks less cash and cash equivalents.
(2) Includes share capital, retained earnings and other reserves exclude non-controlling interests.
(3) Gearing ratio is the ratio of consolidated net borrowings to adjusted capital.

The Directors are of the view that the Acquisition does not have significant effect on the consolidated NTA or the EPS of the Company and/or the Group for the current financial year ending 31 December 2013.

5. Directors and controlling shareholders' interest

None of the Directors, controlling shareholders or substantial shareholders of the Company has an interest, direct or indirect in the aforesaid transactions, other than through their shareholding in the Company if any.

6. Service Contracts

No person was or will be appointed to the Board of Directors in connection with the Acquisition and no service contracts in relation thereto will be entered into by the Company.

7. Documents available for inspection

A copy of the Share Purchase Agreement is available for inspection during normal business hours from 8.30 a.m. to 5.30 p.m. at the registered office of the Company at 11 Tuas Avenue 16, Singapore 638929 from the date of this announcement up to 30 June 2014.

By Order of the Board

Benedict Chen
Executive Chairman
31 March 2014