

Lianguo International Limited
(Company Registration No.:1426420)
(Incorporated in the British Virgin Islands)

14 October 2014

To: The Shareholders of China Energy Limited

Dear Shareholder

COMPULSORY ACQUISITION OF SHARES IN CHINA ENERGY LIMITED BY LIANGUO INTERNATIONAL LIMITED

1. INTRODUCTION

This Letter is sent to you in connection with the compulsory acquisition of your shares in China Energy Limited (“**CEL**” or the “**Company**”) by Lianguo International Limited (the “**Offeror**”). As the compulsory acquisition is being carried out in accordance with the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), **no action on your part is required to be taken to effect the transfer of your shares in CEL to the Offeror and to receive the payment for your shares in CEL.**

- 1.1 **Exit Offer Letter.** On 15 September 2014, the Offeror issued an exit offer letter in connection with the exit offer (the “**Exit Offer**”) made by the Offeror, to acquire all the issued ordinary shares in the capital of the Company (the “**Shares**”), at a price of S\$0.052 in cash for each Share (the “**Exit Offer Price**”).
- 1.2 **Closing Date of the Exit Offer.** On 7 October 2014, the Offeror and the Company jointly announced that the Closing Date of the Exit Offer will be extended from 5.30 p.m. (Singapore time) on 7 October 2014 to 5.30 p.m. (Singapore time) on 14 October 2014 (or such other date(s) as may be announced from time to time by the Offeror.

As at 5.00 p.m. on 7 October 2014, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, and (b) valid acceptances of the Exit Offer, amount to an aggregate of 1,148,146,096 Shares, representing approximately 91.64% of the total issued Shares.

- 1.3 **Right of Compulsory Acquisition.** On 7 October 2014, the Offeror and the Company jointly announced that as the Offeror has received acceptances pursuant to the Exit Offer for not less than 90% of the total Shares (other than those 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 is entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire, at the Exit Offer Price, all the Shares in respect of which acceptances have not been received by it pursuant to the Exit Offer.

2. COMPULSORY ACQUISITION UNDER SECTION 215(1) OF THE COMPANIES ACT

- 2.1 **Dissenting Shareholder.** According to the records maintained by The Central Depository (Pte) Limited (“**CDP**”) and/or Boardroom Corporate & Advisory Services Pte. Ltd., as at 5.00 p.m. on 9 October 2014, you have not accepted the Exit Offer in respect of your Shares. Accordingly, the Offeror is writing to inform you that the Offeror wishes to exercise its right of compulsory acquisition to acquire all your Shares at a consideration of S\$0.052 in cash for each Share (the “**Consideration**”) that you own. A Notice to Dissenting Shareholder in the form prescribed under the Companies Act (“**Form 57**”) is enclosed for this purpose.

If you have already accepted the Exit Offer by completing and returning a valid acceptance form prior to the close of the Exit Offer or sold your Shares on the Singapore Exchange Securities Trading Limited prior to 29 September 2014, please disregard this Letter.

- 2.2 **Compulsory Acquisition.** On or after 15 November 2014 (the “**Transfer Date**”), being after the expiration of one month after the date on which Form 57 is given to you, the Offeror will exercise its right to compulsorily acquire all the Shares held by you, subject to and on the terms set out in the enclosed Form 57 and the provisions of Section 215(4) of the Companies Act.

2.3 **Registration of Transfer.** On the Transfer Date, the Offeror will, *inter alia*, pay to CEL, the Consideration for the Shares that it is acquiring from you (the “**Acquired Shares**”). Upon, *inter alia*, payment of the Consideration to CEL as aforesaid, the Acquired Shares will be transferred to the Offeror and CEL will register the Offeror as the holder of the Acquired Shares. The Consideration will be credited by CEL into a separate bank account and held by CEL in trust for you and paid to you in accordance with the settlement procedures set out in paragraph 2.4 below.

2.4 **Settlement.** As soon as practicable after the Transfer Date:

- (a) if your Shares are deposited with CDP, CDP will, on behalf of CEL, despatch remittances in the form of a cheque for the appropriate amount of the Consideration payable in respect of the Acquired Shares to you by ordinary post, at your own risk, to your address as it appears in the records of CDP, or by such other manner as you may have agreed with CDP for the payment of any cash distributions; and
- (b) if your Shares are not deposited with CDP, CEL will despatch remittances in the form of a cheque for the appropriate amount of the Consideration payable in respect of the Acquired Shares to you by ordinary post, at your own risk, to your address as it appears in the Register of Members of CEL.

3. **RIGHTS UNDER SECTION 215(3) OF THE COMPANIES ACT**

3.1 **Non-Assenting Shareholder.** Under Section 215(3) of the Companies Act, you have the right to require the Offeror to acquire your Shares at the Exit Offer Price. In this connection, a Notice to Non-Assenting Shareholder in the form prescribed under the Companies Act (“**Form 58**”) is enclosed with this Letter. Subject to and in accordance with Section 215 of the Companies Act, you may, within three months from the giving of Form 58 to you, give notice to the Offeror c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 to require the Offeror to acquire your Shares, and the Offeror shall be entitled and bound to acquire your Shares at the Consideration set out above (or otherwise in accordance with Section 215(3) of the Companies Act).

3.2 **Action.** However, as the Offeror would be proceeding to compulsorily acquire all your Shares on the terms set out in the enclosed Form 57, you need not take any action in relation to Form 58. Nevertheless, if you wish to exercise your right under Section 215(3) of the Companies Act or if you are in any doubt, you should seek your own independent legal advice.

4. **GENERAL**

If you are in any doubt about any of the matters referred to in this Letter, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

5. **RESPONSIBILITY STATEMENT**

The sole director of the Offeror (who may have delegated detailed supervision of this Letter) has taken all reasonable care to ensure that the facts stated and all opinions expressed in this Letter are fair and accurate and that no material facts in relation thereto have been omitted from this Letter, and accepts responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the sole director of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Letter.

Yours faithfully



Cui Lianguo
Director
Lianguo International Limited