

MAJOR TRANSACTION AND CONVERTIBLE NOTE ISSUE – RECEIPT OF LISTING AND QUOTATION NOTICE

*Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcements dated 5 May 2014 and 27 May 2014 in relation to the Acquisition and the issue of the Convertible Note in connection therewith (the “**Announcements**”).*

1. RECEIPT OF APPROVAL IN-PRINCIPLE

The Board of Directors of the Company refers to the Announcements and is pleased to announce the receipt of the approval in-principle from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 June 2014 for the listing and quotation of up to 211,200,000 Shares upon the conversion of the Convertible Note in full (the “**Conversion Shares**”) (the “**AIP**”), subject to the following:

- (a) The Company's compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval being obtained for the Acquisition and the issue of the Convertible Note;
- (c) The Acquisition and/or the issue of the Convertible Note will not result in a change of control of the Company;
- (d) Announcement of the conditions under which the Conversion Price may be adjusted and the conditions under which the Convertible Note may be redeemed; and
- (e) Submission of the following:
 - (i) A written confirmation from the Company that the terms of the Convertible Note comply with Rule 829(1) of the Listing Manual;
 - (ii) A written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
 - (iii) A written undertaking from the Company that it will not place the Convertible Note to persons prohibited under Rule 812(1) of the Listing Manual; and
 - (iv) A written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual.

The AIP of the SGX-ST is not to be taken as an indication of the merits of the Acquisition, the issue of the Convertible Note, the Conversion Shares, the Company and/or its subsidiaries.

2. CONDITIONS UNDER WHICH THE CONVERSION PRICE MAY BE ADJUSTED

The conditions under which the Conversion Price may be adjusted are set out below:

- (a) Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of sub-paragraphs (i) to (vii) inclusive, it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:

- (i) If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.
- (ii) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.
- (iii) If and whenever, the Company shall make any Capital Distribution (as defined in paragraph (b) below) to Shareholders (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

where:

- A = the market price (as defined in paragraph (b) below) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the Capital Distribution or, as the case may be, of the grant; and
- B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved merchant bank, of the portion of the Capital Distribution or of such rights which is attributable to one Share,

Provided that:

- (aa) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights; and
- (bb) the provisions of this sub-paragraph (iii) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the Capital Distribution or grant.

- (iv) If and whenever the Company shall offer to Shareholders new Shares for subscription by way of rights, or shall grant to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 90 per cent. of the market price at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator

is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants (such adjustment to become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant).

- (v) (aa) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration per Share (as defined below) initially receivable for such securities is less than 90 per cent. of the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the business day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the issuer determines the conversion or exchange rate or subscription price.
- (bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this sub-paragraph (v) are modified so that the total Effective Consideration per Share initially receivable for such securities shall be less than 90 per cent. of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (v), the "total Effective Consideration" receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the total Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange

rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (vi) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 90 per cent. of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.
 - (vii) If and whenever the Company shall issue Shares for the acquisition of asset at a total Effective Consideration per Share (as defined below) which is less than 90 per cent. of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the total Effective Consideration would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Each such adjustment shall be effective (if appropriate retroactively) from the close of business in Hong Kong on the business day immediately preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the issue price for such Shares. For the purpose of this sub-paragraph (vii) "total Effective Consideration" shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "total Effective Consideration per Share" shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.
- (b) For the purposes of the adjustment of the Conversion Price:
- "announcement" shall include the release of an announcement to the press or the delivery or transmission by telephone, telex or otherwise of an announcement to the Stock Exchange, the SGX-ST and/or such other stock exchange and "date of announcement" shall mean the date on which the announcement is first so released, delivered or transmitted;
- "approved merchant bank" means a merchant bank of repute in Hong Kong selected by the Company and agreed by the holder of the Convertible Note for the purpose of providing a specific opinion or calculation or determination hereunder and in the absence of such agreement shall be Kingsway Capital Limited;
- "Capital Distribution" shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution Provided that any such dividend shall not automatically be so deemed if:
- (i) it is paid out of the aggregate of the net profits (less losses) attributable to the Shareholders for all financial periods after that ended 31st December, 2013 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each such financial period; or
 - (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of

dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the auditors of the Company for the time being appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

“issue” shall include allot;

“market price” means the average of the closing prices of one Share on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained;

“Shares” includes, for the purposes of Shares comprised in any issue, distribution or grant pursuant to sub-paragraphs (iii), (iv), (v), (vi) or (vii) of paragraph (a) above, any such ordinary shares of the Company as, when fully paid, will be Shares;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“reserves” includes unappropriated profits; and

“rights” includes rights in whatsoever form issued.

- (c) The provisions of sub-paragraphs (ii), (iii), (iv), (v), (vi) and (vii) in paragraph (a) above shall not apply to:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares which exist on or before the date hereof or upon conversion of the Convertible Note;
 - (ii) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme;
 - (iii) an issue by the Company of Shares or by the Company or any subsidiary of the Company of securities wholly or partly convertible into or rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business provided that an adjustment has been made (if appropriate) under the terms and conditions of the Convertible Note in respect of the issue of such securities or granting of such rights (as the case may be);
 - (iv) an issue of fully paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or rights to acquire Shares; or
 - (v) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of a Share shall mean the average of the closing prices for such Stock Exchange dealing days on which dealings in the Shares took place (being not less than five such days) as are selected by the directors of the Company in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.

- (d) If the Company or any subsidiary of the Company shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Company shall appoint an approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved merchant bank shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly).
- (e) Notwithstanding the above, in any circumstances where the directors of the Company shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Company may appoint an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank to be in its opinion appropriate.
- (f) If application of any of the adjustment provisions herein would result in the Conversion Price being reduced so that on conversion Shares shall fall to be issued at a discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Share.

3. REDEMPTION OF THE CONVERTIBLE NOTE

In accordance with the terms and conditions of the Convertible Note, the Convertible Note may not be redeemed at the election of the Company and all principal monies outstanding under the Convertible Note shall be payable by the Company to the holder of the Convertible Note on the Maturity Date (which falls on the third anniversary of the date of issue of the Convertible Note).

The principal amount outstanding under the Convertible Note shall be payable by the Company to the holder of the Convertible Note upon the giving of written notice by such holder to the Company in the following events:

- (a) the Company fails to pay the principal on the Convertible Note when due; or
- (b) the Company defaults in performance or observance or compliance with any of its obligations set out in the terms and conditions of the Convertible Note which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the holder of the Convertible Note remedied within 14 days after notice of such default shall have been given to the Company by the holder of the Convertible Note; or
- (c) the Shares (as a class) is suspended from being or cease to be listed on the Stock Exchange (as defined in paragraph (2)(b) above) or a recognised stock exchange for a continuous period of 14 days due to the default of the Company.

By Order of the Board

Tsui Kan Chun
Joint Company Secretary
China Print Power Group Limited

28 June 2014