

JOINT ANNOUNCEMENT

EXIT OFFER IN CONNECTION WITH THE DELISTING OF CHINA POWERPLUS LIMITED PURSUANT TO RULES 1315, 1306 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

China Powerplus Limited ("**Company**") and its subsidiaries, the ("**Group**") and Apple Cove Limited ("**Offeror**") refer to the Notification of Delisting by SGX-ST received by the Company on 6 May 2014 ("**Notification of Delisting**"), as announced by the Company on 7 May 2014, and wish to jointly announce that the Offeror has presented to the directors of the Company ("**Directors**"), a revised formal proposal ("**Proposal**") to make an exit offer to the shareholders of the Company ("**Shareholders**") pursuant to Rules 1306 and 1309 of the listing manual of the SGX-ST ("**Listing Manual**") in connection with the delisting of the Company ("**Delisting**") by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in accordance with Rule 1315 of the Listing Manual and the Notification of Delisting.

Pursuant to the Notification of Delisting:

- (a) trading in the Company's securities will continue until 5.00 pm on 5 June 2014 and trading in the Company's securities will be suspended from 9.00 am on 6 June 2014 until the completion of the Exit Offer;**
- (b) in accordance with Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to the Shareholders, and**
- (c) Rule 1307 of the Listing Manual which requires the Company to obtain Shareholders' approval for a voluntary delisting will no longer apply.**

This Joint Announcement supersedes the earlier joint announcement dated 23 January 2014 in respect of the Exit Offer which was made in the context of the then proposed voluntary delisting of the Company. Accordingly, pursuant to the Notification of Delisting, no extraordinary general meeting of the Shareholders will be convened for the purpose of the Delisting.

Under the Proposal, the Offeror will make an exit offer ("**Exit Offer**") in cash, to acquire all the issued ordinary shares in the capital of the Company ("**Shares**")¹ held by all the Shareholders, other than those Shares already held, directly or indirectly, by the Offeror and parties acting in concert with it as at the date of the Exit Offer ("**Offer Shares**").

1 In this Joint Announcement, unless otherwise stated, all references to the total number of Shares shall be to 424,800,000 Shares.

2. INFORMATION ON THE COMPANY

- 2.1 The Company is incorporated in Singapore and listed on the Mainboard of the SGX-ST. It is a manufacturer principally engaged in the design, production and sale of portable power tools including mist dusters and brush cutters, with production facilities in Shandong Province of China.
- 2.2 As at the date of this Joint Announcement (“**Joint Announcement Date**”), the board of Directors of the Company comprises the following:
- (a) Xue Yongwen (Executive Chairman and Managing Director) (“**XYW**”)²;
 - (b) Guo Dianyan (Executive Director and Deputy Managing Director) (“**GDY**”)²;
 - (c) Hao Yanping (Executive Director) (“**HYP**”);
 - (d) Seah Yang Hwee Damien (Non-Executive Director);
 - (e) Danny Oh Beng Teck (Independent Director), and
 - (f) Ong Su Aun Jeffrey (Independent Director).
- 2.3 As at the Joint Announcement Date, the issued share capital of the Company comprises 424,800,000 Shares and there are no Shares held in treasury.
- 2.4 As at the Joint Announcement Date, the Company has not issued any instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

3.1 The Offeror

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands and having its registered address at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Its principal activity is that of investment holding. As at the Joint Announcement Date, the Offeror is wholly-owned by GDY and HYP. GDY and HYP are currently the Directors of the Offeror.

As at the Joint Announcement Date, the Offeror does not hold any Shares in the Company but has a deemed interest of approximately 45.62% of the total issued share capital of the Company by virtue of the irrevocable undertakings provided to the Offeror by GDY and HYP set out in paragraph 4.5 below.

3.2 Shareholding Structure of the Offeror

	Number of shares in the Offeror	Percentage of issued shares in the Offeror (%)
GDY	6,548	65.48
HYP	3,452	34.52

2 XYW and GDY are husband and wife.

The shareholding structure of the Offeror set out in the table above reflects the relative shareholding proportion of GDY and HYP in the Company.

3.3 Parties acting in Concert with the Offeror

Both GDY and HYP, the directors of the Offeror, also sit as Directors on the board of the Company. As at the Joint Announcement Date, they own 126,900,000 Shares and 66,901,000 Shares respectively, representing approximately 29.87% and 15.75%, respectively of the total issued share capital of the Company.

XYW, the Executive Chairman and Managing Director of the Company, is the husband of GDY. As at the Joint Announcement Date, he does not hold any Shares in the Company.

For the purpose of making the Exit Offer, the Offeror has obtained irrevocable undertakings from each of GDY and HYP to accept the Exit Offer. Further information regarding irrevocable undertakings of GDY and HYP are set out in paragraph 4.5 below.

4. **THE PROPOSAL**

4.1 Exit Offer Price

The offer price for each Offer Share will be S\$0.035 in cash ("**Exit Offer Price**").

The Offeror does not intend to revise the Exit Offer Price under any circumstances.

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

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$35.00 for every 1,000 Offer Shares tendered for acceptance under the Exit Offer.

The Offer Shares will be acquired fully paid and free from all liens, equities, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, which may be declared, paid or made by the Company on or after the Joint Announcement Date).

Further details on the Exit Offer will be set out in an exit offer letter ("**Exit Offer Letter**") to be issued by the Offeror to the Shareholders containing, *inter alia*, the terms of the Exit Offer and the relevant acceptance forms.

4.2 Condition

The Exit Offer will be subject to the Offeror having received, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Exit Offer and pursuant to the Exit Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the total voting rights attributable to the issued share capital of the Company as at the close of the Exit Offer ("**Minimum Acceptance Condition**").

Accordingly, the Exit Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Exit Offer, unless at any time prior to the close of the Exit Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of voting rights of the issued share capital of the Company.

Shareholders are to note that if the aforesaid condition is not fulfilled, the Company will still be mandatorily delisted from the Official List of the SGX-ST, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned. In such event, Shareholders will hold shares in an unlisted public company. Shareholders are advised to take note of the implications of the Delisting that will be set out in the Exit Offer Letter.

4.3 Warranty

Acceptance of an Exit Offer by a Shareholder will be deemed to constitute an irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, declared, paid or made by the Company on or after the Joint Announcement Date).

4.4 Duration

The Exit Offer will remain open for acceptance by Shareholders for a period of at least 28 days after the day of despatch of the Exit Offer Letter to Shareholders by the Offeror. Although no extension of the Exit Offer is currently contemplated by the Offeror, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced by the Offeror. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Offer Shares in acceptance of the Exit Offer.

4.5 Irrevocable Undertakings

The Offeror has obtained irrevocable written undertakings ("**Irrevocable Undertakings**") from each of GDY and HYP to accept the Exit Offer in respect of all their Shares. As at the Joint Announcement Date, GDY and HYP collectively hold an aggregate of 193,801,000 Shares ("**Undertaking Shares**"), representing approximately 45.62% of the issued share capital of the Company.

The Irrevocable Undertakings shall expire if the Exit Offer (including any revised or improved Exit Offer by or on behalf of the Offeror) is withdrawn, lapses or closes.

Save as disclosed in this Joint Announcement, as at the Joint Announcement Date, none of the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

5. **RULINGS FROM THE SECURITIES INDUSTRY COUNCIL**

An application was made by the Offeror to the Securities Industry Council ("**SIC**") to seek clarification regarding the extent to which the provisions of the Singapore Code on Take-overs and Mergers ("**Code**") applied to the Exit Offer. The SIC ruled on 17 April 2014, *inter alia*, that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Code:
 - (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;
 - (iii) Rule 23.4 on the financial information about the Offeror;
 - (iv) Rule 28 on acceptances; and
 - (v) Rule 29 on the right of acceptors to withdraw their acceptances,

- (b) subject to the following conditions:
 - (i) disclosure in the Company's Letter to Shareholders of the consolidated net tangible asset value ("**NTA**") per Share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the Company's Letter to Shareholders;
 - (ii) disclosure in the Company's Letter to Shareholders of particulars of all known material changes as of the latest practicable date set out in the Company's Letter to Shareholders which may affect the consolidated NTA per Share referred to in paragraph 5(b)(i) above or a statement that there are no such known material changes,
 - (iii) the Exit Offer remaining open for at least 28 days after the date of the despatch of the Exit Offer Letter,
 - (iv) the Minimum Acceptance Condition referred to in paragraph 4.2 (*Condition*) above being fulfilled, and
- (c) the following Directors: XYW, GDY and HYP (collectively, "**Relevant Directors**") are exempted from the requirement to make a recommendation to the Shareholders on the Exit Offer as the Relevant Directors, being the concert parties of the Offeror, face irreconcilable conflict of interests in doing so. Nevertheless, the Relevant Directors must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company to the Shareholders in connection with the Exit Offer.

Mr Danny Oh Beng Teck, Mr Ong Su Aun Jeffrey and Mr Seah Yang Hwee Damien, being the other Directors of the Company, will be considered independent for the purposes of providing a recommendation on the Exit Offer to the Shareholders.

6. LISTING MANUAL PROVISIONS PERTAINING TO THE DELISTING AND EXIT OFFER

- 6.1 Under Rule 1306 of the Listing Manual, if the SGX-ST exercises its power to remove the Company from the Official List of the SGX-ST (pursuant to Rule 1315 of the Listing Manual in this case), the Company or its controlling shareholder(s) must comply with the requirements of Rule 1309 of the Listing Manual. As mentioned in paragraph 1 above, the Company received the Notification of Delisting by SGX-ST on 6 May 2014.
- 6.2 Under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:
 - (a) a reasonable exit alternative, which should normally be in cash, should be offered to all Shareholders, and
 - (b) the Company should normally appoint an IFA (as defined below) to advise on the Exit Offer.

7. OFFEROR'S INTENTIONS

The Offeror has no current intention of (a) making material changes to the Company's existing business, (b) re-deploying of the Company's fixed assets, or (c) discontinuing the employment of the employees of the Company and its subsidiaries, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company.

8. BENCHMARKING OF THE EXIT OFFER

8.1 Market Price Comparisons

The following table benchmarks the Exit Offer Price against the historical transacted prices of the Shares on the SGX-ST:

Description ⁽³⁾		Share Price (S\$) ⁽¹⁾	Premium/ (Discount) over/ (to) Share Price ⁽²⁾ (%)
(a)	Last transacted price per Share on 8 May 2014 (being the Last Trading Day)	0.030	16.700%
(b)	VWAP for the one-month period prior to and including the Last Trading Day	0.028	25.000%
(c)	VWAP for the three-month period prior to and including the Last Trading Day	0.031	12.900%
(d)	VWAP for the six-month period prior to and including the Last Trading Day	0.032	9.375%
(e)	VWAP for the 12-month period prior to and including the Last Trading Day	0.032	9.375%

Notes:

- (1) Source: Bloomberg L.P.
- (2) Computed based on the share prices which were rounded to the nearest three decimal places.
- (3) The volume weighted average price ("VWAP") is calculated based on the daily VWAP turnover divided by VWAP volume of the Shares as extracted from Bloomberg L.P. There were married trades done during these periods. The married trades, where applicable, have been included in the computation of VWAP to show the indicative average pricing of the Shares for these periods.

8.2 Net Asset Value Comparisons

In addition, the Exit Offer Price compared to the net asset value ("NAV") per Share of the Group is as follows:

	Financial Year Ended 31 December 2012 (Audited)	Financial Year Ended 31 December 2013 (Audited)
NAV per Share of the Group	S\$0.113 ⁽¹⁾	S\$0.082 ⁽²⁾
Exit Offer Price / NAV per Share	0.310 times	0.427 times

Notes:

- (1) Based on the NAV of the Group of approximately RMB244,551,000 (which is equivalent to approximately S\$47,913,597 based on an exchange rate extracted from Bloomberg L.P. of S\$1: RMB5.104 as at 31 December 2012) and based on 424,800,000 Shares, being the total number of Shares in issue as at 31 December 2012 as extracted from the annual report of the Company for the financial year ended 31 December 2012.
- (2) Based on the NAV of the Group of approximately RMB167,913,000 (which is equivalent to approximately S\$35,025,657 based on an exchange rate extracted from Bloomberg L.P. of S\$1: RMB4.794 as at 31 December 2013) and based on 424,800,000 Shares being the total number of Shares in issue as at 31 December 2013, as extracted from the annual report of the Company for the financial year ended 31 December 2013.

9. COMPULSORY ACQUISITION

Pursuant to Section 215(1) of the Companies Act (Chapter 50) of Singapore (“**Companies Act**”), in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer at a price equal to the Exit Offer Price.

The Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.**

In addition, Shareholders who have not accepted the Exit Offer have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror or its nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total issued Shares (excluding treasury shares).

Shareholders who have not accepted the Exit Offer and who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

10. CONFIRMATION OF FINANCIAL RESOURCES

The Offeror has furnished written confirmation satisfactory to the Company and the IFA that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Exit Offer on the basis of the Exit Offer Price.

11. DISCLOSURES

As at the Joint Announcement Date, (a) the Offeror, (b) GDY and (c) HYP (collectively, “**Relevant Persons**” and each, a “**Relevant Person**” collectively own, control or have agreed to acquire an aggregate of 193,801,000 Shares, representing approximately 45.62% of the total number of issued Shares.

Save as disclosed above, as at the Joint Announcement Date, none of the Relevant Persons (i) owns, controls or has agreed to acquire any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options and derivatives in respect of such Shares or securities (collectively, “**Relevant Securities**”); (ii) has received any irrevocable undertaking from any party to accept or reject the Exit Offer; (iii) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Exit Offer, and (iv) has (A) granted a security interest over any Relevant Securities to another person, whether through a charge, pledge or otherwise; (B) borrowed from another person any Relevant Securities (excluding borrowed securities which have been on-lent or sold), or (C) lent any Relevant Securities to another person.

Neither the Offeror nor any of the Relevant Persons has dealt for value in any Shares during the three (3)-month period immediately preceding the Joint Announcement Date.

In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the Exit Offer. Further enquiries will be made in respect of such parties and the relevant disclosures, if any, will be made in the Exit Offer Letter.

12. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed NRA Capital Pte. Ltd. as independent financial adviser (“**IFA**”) to advise the Directors who are considered independent for the purposes of the Delisting Proposal and the Exit Offer (“**Independent Directors**”) on the Exit Offer. The advice of the IFA and the recommendation of the Independent Directors regarding the Exit Offer will be set out in the Exit Offer Letter.

13. OVERSEAS SHAREHOLDERS

This Joint Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Joint Announcement in any jurisdiction in contravention of applicable law. The Exit Offer will be made solely by the Exit Offer Letter and the relevant acceptance forms accompanying the Exit Offer Letter, which will contain the full terms and conditions of the Exit Offer, including details of how the Exit Offer may be accepted.

The release, publication or distribution of this Joint Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Joint Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Joint Announcement and any formal documentation relating to the Exit Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the applicable law of that jurisdiction (“**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. For the avoidance of doubt, the Exit Offer shall be made to all Shareholders including those to whom the Exit Offer Letter and the relevant acceptance forms will not be sent.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of the Shareholders who are not resident in Singapore to accept the Exit Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

14. FURTHER INFORMATION

No immediate action is required of Shareholders on their part in respect of the Proposal, Delisting and the Exit Offer.

As mentioned above, the Exit Offer Letter which will include, *inter alia*, further information regarding the Proposal, the Delisting, the terms and conditions of the Exit Offer, the advice of the IFA and the recommendation of the Independent Directors regarding the Exit Offer, will be despatched by or on behalf of the Offeror to Shareholders, together with the relevant forms of acceptance, in due course.

In the meantime, the Shareholders are advised to exercise caution in their dealings in the Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. **Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

15. RESPONSIBILITY STATEMENTS

The directors of the Offeror ("**Offeror Directors**") (including any Offeror Director who may have delegated detailed supervision of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement (other than those relating to the Company) are fair and accurate and that there are no other material facts not contained in this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading. Where any information in this Joint Announcement has been extracted or reproduced from published or publicly available sources or obtained from the Company, the sole responsibility of the Offeror Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Joint Announcement. The Offeror Directors jointly and severally accept responsibility accordingly.

The Directors of the Company (including any Director who may have delegated detailed supervision of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein (other than those relating to the Offeror, the IFA and the Relevant Persons) are fair and accurate and that no material facts have been omitted from this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading. Where any information in this Joint Announcement has been extracted or reproduced from published or publicly available sources or obtained from the Offeror or the IFA or the Relevant Persons, the sole responsibility of the Directors has been to ensure that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Joint Announcement. The Directors jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD
CHINA POWERPLUS LIMITED

Danny Oh Beng Teck
Independent Director
9 May 2014

BY ORDER OF THE BOARD
APPLE COVE LIMITED

Guo Dianyan
Director
9 May 2014

Forward-Looking Statements

All statements other than statements of historical facts included in this Joint Announcement 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 current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company and/or the Offeror should not place undue reliance on such forward-looking statements, and none of the Company and the Offeror undertakes any obligation to update publicly or revise any forward-looking statements.

Disclosure of Dealings

The associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company in accordance with Rule 12 of the Code.