

09 June 2014

ASX ANNOUNCEMENT

Notice of Intention of On-Market Takeover Offer Received

The Board of Kresta Holdings Limited (**Kresta** or **Company**) (ASX Code: KRS) advises that the Company has today received notice that Ningbo Xianfeng New Material Co., Ltd (**APlus**), via its wholly owned subsidiary, Suntarget (Hong Kong) Trading Co Limited, intends to make an on-market takeover bid to acquire all of the issued shares in the Company (**Proposed Offer**). Aplus has advised that if the proposal proceeds, it will offer \$0.23 per Kresta share and pay cash consideration.

Please note Aplus needs to go through a process of ratifying the Proposed Offer with its own shareholders and other regulatory bodies in China before it can proceed to actually make the offer to Kresta shareholders.

Attached is the disclosure made by APlus to the ASX of the Proposed Offer.

Aplus has advised the Proposed Offer is to proceed if there is the satisfaction of each of the following conditions:

- (a) the shareholders of APlus approving APlus (via Suntarget) acquiring the shares of Kresta under the Proposed Offer;
- (b) the acquisition of the shares of Kresta by APlus (via Suntarget) under the Proposed Offer being filed with Ningbo Development and Revolution Committee; and
- (c) the China Securities Regulatory Commission approving the acquisition of Kresta shares by APlus (via Suntarget) under the Proposed Offer.

Importantly, if any of the conditions are not satisfied, Aplus advises the Proposed Offer **will not be made**.

Kresta shareholders should note that the APlus announcement does not constitute an offer to acquire Kresta shares.

APlus has advised that if it makes the takeover bid, it will be unconditional in accordance with the requirements for an on-market takeover bid under the Corporations Act.

The Company's Board has yet to fully consider the Proposed Offer and the Company advises shareholders to take no action at this time and to await the Company's further response.

All queries should be directed to Mr Brendan Cocks on (08) 9249 0733.

Yours faithfully,
Kresta Holdings Limited

Mr Brendan Cocks
Company Secretary

Enc.

For further information please contact:

Richard Taylor
Chairman
Kresta Holdings Limited
T: 08 9249 0733

Brendan Cocks
Company Secretary
Kresta Holdings Limited
T: 08 9249 0733

About Kresta

Kresta is a leading national window furnishings manufacturer and retailer. The Company has been manufacturing blinds for over 40 years, and is now the largest window coverings manufacturer / retailer in Australia and New Zealand, employing approximately 700 people. Kresta's brands include: Kresta Blinds, Vista Window Coverings, Decor2Go, Curtain Wonderland, Ace of Shades and Mardo. For further information, see www.kresta.com.au

The logo for APLUS, featuring the word "APLUS" in white, bold, sans-serif capital letters on a dark blue rectangular background.

宁波先锋新材料股份有限公司
NINGBO XIANFENG NEW MATERIAL CO., LTD

ASX Market Announcements

ASX Limited

20 Bridge Street

Sydney NSW 2000

9 June 2014

INTENTION TO MAKE ON-MARKET TAKEOVER BID BY NINGBO XIANFENG NEW MATERIAL CO., LTD TO ACQUIRE 100% OF THE SHARE CAPITAL OF KRESTA HOLDINGS LIMITED

Please see the attached announcement of an intention, subject to certain conditions, to make an on-market bid by Ningbo Xianfeng New Material Co., LTD via its wholly owned subsidiary Suntarget (Hong Kong) Trading Co Limited to acquire 100% of the share capital of Kresta Holdings Limited ACN 008 675 803 (“**Kresta**”).

We request that this announcement be immediately released to the market through Kresta's announcements platform pages.

ASX and MEDIA RELEASE

9 June 2014

**APLUS ANNOUNCES INTENTION (SUBJECT TO CERTAIN
CONDITIONS) TO MAKE ALL CASH ON-MARKET OFFER TO
ACQUIRE 100% OF KRESTA**

HIGHLIGHTS

- **Intention to make all cash on-market takeover offer of \$0.23 per Kresta Share subject to the satisfaction of certain conditions**

- **Up to and including 6 June 2014, being the last trading day prior to the announcement of the intention to make the Proposed Offer, the Proposed Offer represents a premium of:**
 - 39.4% to \$0.165, the closing price of Kresta Shares on Friday, 6 June 2014;
 - 35.1% to \$0.170, the 5 day VWAP of Kresta Shares;
 - 30.3% to \$0.177, the 1 month VWAP of Kresta Shares;
 - 19.4% to \$0.193, the 3 month VWAP of Kresta Shares;
 - 22.0% to \$0.188, the 6 month VWAP of Kresta Shares; and
 - 26.9% to \$0.181, the 12 month VWAP of Kresta Shares.

- **Kresta Shares have not closed above the Proposed Offer price since December 2011**

- **Kresta Shareholders that accept the Proposed Offer would receive certainty and value for their Kresta Shares at an attractive cash premium within 3 trading days**

- **If the Proposed Offer is made, it will be unconditional with no regulatory or funding conditions associated with the Proposed Offer**

Overview

Ningbo Xianfeng New Material Co., LTD (“**APLUS**”), via its wholly owned subsidiary Suntarget (Hong Kong) Trading Co Limited (“**Suntarget**”), announces its intention to make an unconditional all cash market takeover offer to acquire all of the ordinary shares of Kresta Holdings Limited (ASX: KRS) (“**Kresta**”) that are not already owned by Suntarget and its associates (the “**Proposed Offer**”). If the Proposed Offer is made, accepting Kresta Shareholders will receive \$0.23 cash for each Kresta Share they hold, valuing Kresta at approximately \$34.6 million.

The making of the Proposed Offer is subject to the satisfaction of each of the following conditions:

- (a) the shareholders of APLUS approving APLUS (via Suntarget) acquiring the shares of Kresta under the Proposed Offer;
- (b) the acquisition of the shares of Kresta by APLUS (via Suntarget) under the Proposed Offer being filed with Ningbo Development and Revolution Committee; and
- (c) the China Securities Regulatory Commission approving the acquisition of Kresta shares by APLUS (via Suntarget) under the Proposed Offer.

Importantly, if any of the conditions are not satisfied, the Proposed Offer **will not be made**.

Subject to the satisfaction of the above conditions, Suntarget will lodge a Bidder’s Statement in accordance with the requirements of the *Corporations Act 2001* (Cth) (“**Corporations Act**”). At the time the Bidder’s Statement is lodged, the Proposed Offer will be an unconditional all cash on-market Proposed Offer to all of Kresta Shareholders on equal terms.

Why Kresta Shareholders should accept the Proposed Offer if the Proposed Offer is made

- **If made, the Proposed Offer would represent a significant premium to recent trading levels.**

Up to and including 6 June 2014, being the last trading day prior to the announcement of the intention to make the Proposed Offer, the Proposed Offer represents a premium of:

- 39.4% to \$0.165, the closing price of Kresta Shares on Friday, 6 June 2014;
- 35.1% to \$0.170, the 5 day VWAP of Kresta Shares;
- 30.3% to \$0.177, the 1 month VWAP of Kresta Shares;
- 19.4% to \$0.193, the 3 month VWAP of Kresta Shares;
- 22.0% to \$0.188, the 6 month VWAP of Kresta Shares; and
- 26.9% to \$0.181, the 12 month VWAP of Kresta Shares.

- **If made, the all cash Proposed Offer would provide certain value.**

APLUS would provide all cash consideration to Kresta Shareholders who would accept the Proposed Offer for their Kresta Shares, which would provide an opportunity for Kresta Shareholders to realise both certain and significant value for their Kresta Shares.

- **If made, the Proposed Offer would provide a rapid liquidity event for Kresta Shareholders.**

Kresta shareholders who were to accept the Proposed Offer would receive consideration for their Kresta Shares on a normal T+3 basis (i.e. on the third trading day after the date on which a Kresta Shareholder accepts the Proposed Offer). This would provide an opportunity for Kresta Shareholders to obtain cash for their Kresta Shares in a rapid manner in what would otherwise be an uncertain market.

- **Avoidance of future operating risks, funding uncertainties and potential dilution**

Remaining as a Kresta Shareholder would mean that Kresta Shares would continue to be exposed to the risks relating to the development of Kresta's business operations and local and international market conditions.

Further, any expansion of the Kresta's business may require significant capital investment which may or may not be achievable, and any equity funding would potentially be dilutive to a Kresta Shareholder's current shareholding.

- **The likelihood of a counter bidder emerging with a superior offer is low**

APLUS believes that the likelihood of another bidder emerging with a superior proposal is low, given:

- the substantial expertise and industry capability that APLUS brings through its worldwide manufacturing, sales and distribution network;
- the substantial all cash premium in the Proposed Offer; and
- the relatively rapid execution that occurs through the implementation of an on-market takeover offer.

- **Risk of Kresta Shareholders in not accepting the Proposed Offer (if made)**

Remaining as a Kresta Shareholder would mean a continued exposure to a number of other risks associated with maintaining an investment in Kresta. For example, the trading price of Kresta Shares may fall after the Proposed Offer (if made) expires and any remaining Kresta Shareholders would continue to be subject to ongoing market volatility.

CONDITIONS TO THE PROPOSED OFFER

APLUS' intention to make the Proposed Offer is subject to the three conditions as set out above. If any of the conditions are not satisfied, the Proposed Offer **will not be made**. APLUS will update Kresta and the market on the satisfaction the conditions.

There is no Chinese National Development and Reform Commission condition associated with the Proposed Offer. There is also no funding condition associated with APLUS' intention to make the Proposed Offer or the Proposed Offer itself. Also, APLUS does not require approval under the Australian foreign investment rules to make the Proposed Offer.

If APLUS makes the Proposed Offer, it will be unconditional in accordance with the requirements for an on-market Proposed Offer under the Corporations Act.



BIDDER'S STATEMENT

APLUS is currently preparing a Bidder's Statement in relation to the Proposed Offer which it expects to lodge as soon as practicable with the Australian and Securities Investments Commission and Kresta after all the conditions set out above in this announcement have been satisfied. The Bidder's Statement will set out in further detail reasons why Kresta Shareholders should accept the Proposed Offer (if made) and additional relevant details about the Proposed Offer. APLUS will despatch the Bidder's Statement to Kresta Shareholders within the timeframe required under the Corporations Act.

IMPORTANT INFORMATION

Kresta Shareholders should note that this announcement does not constitute an offer to acquire Kresta Shares. The making of the Proposed Offer is subject to the satisfaction of all the conditions set out in this announcement.

ADVISORS

Argonaut Capital Limited is acting as financial advisor to APLUS and K&L Gates is acting as legal advisors in Australia. Dacheng Law Offices are legal advisors to APLUS in China.

For further information regarding the Proposed Offer, please contact APLUS' advisor, Mr Charles Fear or Mr Adam Santa Maria of Argonaut on +61 8 9224 6888.

ABOUT APLUS

Ningbo Xianfeng New Material CO., LTD, which operates under the brand APLUS in the international market, was founded in 2003 on the Chinese Mainland by Mr Lu Xianfeng, the current managing director of Kresta. Since its inception, APLUS has been focused on the development and manufacture of screen fabrics, both for indoor and outdoor use, blackouts and other technical sun-shading materials.

APLUS is growing rapidly. Recent investments in the form of new multi-million dollar facilities (Suntarget New Material and Foamtech New Material production plants), new machines, and the use of more high-tech technologies allow APLUS to better meet the market's various demands. APLUS' production facilities now cover more than 100 000 sqm of production facilities with more than 600 employees dedicated to screen production. As part of its plans to grow into a world-class leader in screen fabrics industry, APLUS became listed as a public company on the Shenzhen stock exchange in 2011. APLUS currently has a market capitalisation of approximately RMB1.4bn.

APLUS is now a major manufacturer of quality fabric used in indoor and outdoor settings which have been exported to approximately 70 countries across the world. APLUS has an established sales network working with textile distributors, fabricators of window-covering shading products as well as designers and architects.

As the leading manufacturer of sun-screening products in China, APLUS continues to develop various types of environmentally-friendly, energy-saving sunscreen fabrics made from polyester and fiberglass as well as jacquard and blackout materials for interior and exterior use. APLUS is a major name in the textile industry.

Suntarget (and its associates) is a major shareholder of Kresta with a current shareholding of 19.88%. Suntarget is a wholly owned subsidiary of APLUS.