

14 July 2014

Our reference
STIN.AJLE.7600758.00002

Company Announcements Office
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir/Madam

Takeover bid by Suntarget (Hong Kong) Trading Co Ltd for Kresta Holdings Limited (ASX: KRS)

We act for Suntarget (Hong Kong) Trading Co Ltd (**Suntarget**), a wholly owned subsidiary of Ningbo Xianfeng New Material Co., Ltd.

We enclose a copy of the Bidder's Statement containing an offer by Suntarget to Kresta Holdings Limited's (**Kresta**) shareholders for all of their fully paid ordinary shares in Kresta (**Bidder's Statement**) in accordance with item 3 of section 635(1) of the Corporations Act 2001 (Cth).

The Bidder's Statement was also sent to Kresta and lodged with the Australia Securities and Investments Commission today.

If you have any questions in relation to the enclosed documents please contact me on (08) 9216 0965.

Yours faithfully


Adam Levine
Partner

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This is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser as soon as possible.

BIDDER'S STATEMENT

In respect of an on market cash offer by

Suntarget (Hong Kong) Trading Co Ltd

**a wholly owned subsidiary of Ningbo Xianfeng New Material Co., LTD
to acquire all of your fully paid ordinary shares in**

Kresta Holdings Ltd

(ABN 26 008 675 803)

for \$0.23 per share

TO ACCEPT THIS OFFER PLEASE INSTRUCT YOUR BROKER TO SELL YOUR SHAREHOLDING TO
SUNTARGET THROUGH ITS BROKER, ARGONAUT SECURITIES PTY LTD.

THE OFFER HAS NO CONDITIONS AND IS ABLE TO BE ACCEPTED BY SELLING ON ASX
IMMEDIATELY, ALLOWING THREE TRADING DAYS FOR RECEIPT OF CASH.

PLEASE CALL ARGONAUT AT +61 8 9224 6888 IF YOU REQUIRE ASSISTANCE WITH YOUR
ACCEPTANCE



ARGONAUT

Financial Advisor & Broker

K&L GATES

Australian Legal Advisors

Lodgement under the Corporations Act

This document is a bidder's statement issued by Suntarget (Hong Kong) Trading Co Ltd (Suntarget) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire Your Kresta Shares.

A copy of this Bidder's Statement was lodged with ASIC on 14 July 2014. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

Investment advice

In preparing this Bidder's Statement, Suntarget has not taken into account your individual objectives, financial situation or particular needs. Accordingly, you should consult with your financial, legal or other professional adviser before making a decision whether to accept the Offer.

Disclaimer regarding forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Offers outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Disclaimer as to Kresta information

The information on Kresta and Kresta securities contained in this Bidder's Statement has been prepared by Suntarget using publicly available information. The information in this Bidder's Statement concerning Kresta and its business has not been capable of being independently verified by Suntarget. Accordingly, Suntarget does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information sourced from Kresta or publicly available sources. Further information relating to Kresta's business may be included in Kresta's target statement which Kresta must provide to its shareholders in response to this Bidder's Statement.

Privacy

Suntarget has collected your information from the Kresta register of shareholders for the purposes of making this Offer and, if accepted, administering your holding of Kresta Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Suntarget's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Suntarget is Room 2105 Jnb 804, Trend Centre 29-31, Cheung Lee Street, Chai Wan, Hong Kong.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise, or words are defined in section 10 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Table of contents

	Page
1. Overview of the Offer	5
2. Frequently asked questions	9
3. Profile of Suntarget and APLUS	11
4. Profile of Kresta	13
5. Suntarget's Intentions towards Kresta	14
6. Information on Kresta securities	17
7. Funding	19
8. Taxation considerations	21
9. Additional information	24
10. Definitions and interpretation	26
11. Approval of Bidder's Statement	29
12. Corporate Directory	34

Important Dates

Date this Bidder's Statement was lodged with ASIC, ASX and Kresta	Monday, 14 July 2014
Kresta Shareholders able to sell their Kresta Shares to Suntarget from	Monday, 14 July 2014
Date of Offer	Tuesday, 29 July 2014
Offer closes (unless extended or withdrawn)	2.00pm (Perth, Western Australian time), Friday, 29 August 2014

For personal use only

14 July 2014

Dear Kresta Shareholder,

I am pleased to enclose an Offer from Suntarget (Hong Kong) Trading Co Ltd, a company incorporated in Hong Kong and a wholly owned subsidiary of Ningbo Xianfeng New Material Co., LTD (**APLUS**), to acquire all of your shares in Kresta Holdings Limited (**Kresta**).

The Offer is \$0.23 cash for each of Your Kresta Shares. The Offer is unconditional and will remain open until 29 August 2014, unless extended or withdrawn.

Suntarget has instructed its Broker, Argonaut Securities Pty Ltd (**Argonaut**), to purchase at the Offer Price of \$0.23 per share for all Kresta Shares offered for sale to it on the ASX during the Offer Period and from the date on which the Offer was announced on ASX.

The Offer provides you with an attractive cash value for Your Kresta Shares for the following reasons:

- **Attractive premium:** The Offer represents an attractive premium of approximately 39.4% to the last trading price on the Trading Day prior to APLUS' announcement of its intention to make the Offer via its wholly owned subsidiary, Suntarget.
- **Immediate and certain exit:** The Offer is a 100% cash offer which provides you, as a Kresta Shareholder, with an immediate opportunity to realise certain value for Your Kresta Shares.
- **Elimination of risks for you as a Kresta Shareholder:** If you accept the Offer, you will be paid cash for Your Kresta Shares and all risks and uncertainties that could otherwise affect the future value of Your Kresta Shares.
- **Immediate receipt of cash:** As the Offer is unconditional, you can sell Your Kresta Shares to Suntarget immediately and receive cash three Trading Days (T+3) after your acceptance.
- **Risk in not accepting the Offer:** 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 Offer expires and any remaining Kresta Shareholders would continue to be subject to ongoing market volatility.

Detailed information in respect of the Offer is set out in this Bidder's Statement. I encourage you to read this Bidder's Statement in its entirety.

The Offer is open for acceptance until its scheduled close at 2.00pm (Perth, Western Australian time) on 29 August 2014 (unless extended or withdrawn).

I encourage you to accept our Offer as soon as possible. In order to accept the Offer, you can do so by instructing your broker to sell Your Kresta Shares to Suntarget through its Broker for the Offer, Argonaut.

If you have any questions in relation to the Offer, please contact Suntarget's Broker, Argonaut, at +61 8 9224 6888 or your professional advisor.

Yours sincerely,

Lu Xianfeng
President and Chairman of APLUS, the holding company of Suntarget.

Reasons why you should accept the Offer

1. The Offer represents a significant premium to recent trading levels

Up to and including 6 June 2014, being the last Trading day before the announcement by APLUS and Suntarget of the intention to make the Offer, the Offer represents a premium of¹:

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

2. The all cash Offer provides certain value

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

3. The Offer provides a rapid liquidity event for Kresta Shareholders

Kresta Shareholders who accept the Offer will 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 Offer). This will provide an opportunity for Kresta Shareholders to obtain cash for their Kresta Shares in a rapid manner in what will otherwise be an uncertain market.

4. Avoid future operating risks, funding uncertainties and potential dilution

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

5. The likelihood of another bidder emerging with a superior offer is low

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

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

¹The VWAPs were calculated on the basis of ASX and Chi-X trading data sourced from IRESS, without IRESS' consent as permitted by ASIC Class Order CO 07/429.

6. There are risks for Kresta Shareholders in not accepting the Offer

Remaining as a Kresta Shareholder will 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 Offer expires and any remaining Kresta Shareholders would continue to be subject to ongoing market volatility.

1. Overview of the Offer

1.1 Summary of the Offer terms

Conditions to Suntarget's intention to make the Offer

As announced by Suntarget and APLUS on 9 June 2014, the making of the Offer was conditional upon each of the following conditions being satisfied:

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

Aplus and Suntarget announced on 26 June 2014 that condition (a) above had been satisfied. The remaining 2 conditions have now been satisfied or waived, as announced by APLUS and Suntarget on 14 July 2014.

Offer

Suntarget, a wholly owned subsidiary of APLUS, is offering to acquire all of Your Kresta Shares for \$0.23 per Kresta Share on the terms and conditions set out in this Offer.

By accepting this Offer, you undertake to transfer to Suntarget Your Kresta Shares to which this Offer relates as well as all Rights in respect of those Kresta Shares.

The Offer extends to Kresta Shares issued during the Offer Period. Argonaut will make the Offer on behalf of Kresta on the ASX during the Offer Period and from the date on which the Offer was announced on ASX. A copy of the takeover announcement is set out in Annexure 1 of this Bidder's Statement.

Offer Period

The Offer will commence at the start of trading on ASX on 29 July 2014 and is scheduled to close at 2.00pm (Perth, Western Australian time) on 29 August 2014 (unless extended or withdrawn). However, Argonaut will also stand in the market from the time Argonaut releases its takeover announcement to the market (a copy of this announcement is attached to this Bidder's Statement as Annexure A). From that time until the close of the Offer Argonaut will offer to acquire on behalf of Suntarget all Kresta Shares at \$0.23 per Kresta Share.

Extension of Offer

Suntarget reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

Conditions

The Offer is unconditional.

Payment Date

As the Offer is unconditional, you can sell Your Kresta Shares to Suntarget immediately and receive cash three Trading Days (T+3) after your acceptance.

1.2 How to accept this Offer

You may sell Your Kresta Shares to Suntarget on market by offering to sell some or all of Your Kresta Shares on ASX at the Offer Price on and from start of trading on ASX on 29 July 2014 until the end of the Offer Period.

Argonaut or its agent will stand in the market to acquire, on behalf of Suntarget, all Kresta Shares offered at the Offer Price during normal trading on ASX on and from 29 July 2014 as follows:

- (a) **For Issuer Sponsored Holdings of Kresta Shares (Securityholder Reference Number beginning with "I"):** To sell your Kresta Shares to Suntarget, you must instruct any Broker to initiate acceptance.
- (b) **For CHESS Holdings of Kresta Shares (Holder Identification Number beginning with "X"):** To sell Your Kresta Shares to Suntarget, you must instruct your Controlling Participant to initiate acceptance.
- (c) **For Brokers and Participants:** To sell Kresta Shares to Suntarget, you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules.

You are not required to complete a form to accept the Offer.

1.3 Brokerage and other costs

As the Offer by Suntarget is pursuant to an on market takeover bid, Offers will be made during normal trading on ASX. Accepting Kresta Shareholders may only accept the Offer through Brokers who are members of ASX. Any brokerage fees charged by such Brokers will be the sole responsibility of accepting Kresta Shareholders.

1.4 Withdrawal of Offer

Suntarget may withdraw the Offer in respect of any unaccepted Offers at any time:

- (a) with the written consent of ASIC and subject to the conditions (in any) specified in such consent; or
- (b) where a Prescribed Occurrence occurs.

Notice of withdrawal of the Offer must be given by Suntarget to the ASX.

1.5 Variation of Offer

Suntarget may vary the Offer in accordance with the Corporations Act. If a Kresta Shareholder has sold their Kresta Shares as part of the Offer prior to any such variation, that Kresta Shareholder will not receive any benefit from the variation.

1.6 Jurisdiction

The Offer and any contract that results from a Kresta Shareholder's acceptance of the Offer are governed by the laws of Western Australia.

2. Frequently asked questions

The table below answers some key questions that you may have about the Offer and should be read in conjunction with the remainder of this Bidder's Statement. You are strongly encouraged to read the entire Bidder's Statement before deciding whether or not to accept the Offer.

Who is making the Offer?	Suntarget, a wholly owned subsidiary of APLUS, is offering to acquire all of Your Kresta Shares on the terms set out in this Bidder's Statement.
What will you receive if you accept the Offer?	If you accept the Offer, you will receive \$0.23 cash for each of Your Kresta Shares.
When does the Offer close?	The Offer is scheduled to close at 2.00pm (Perth, Western Australian time) on 29 August 2014, unless it is extended or withdrawn under the Corporations Act.
Are there any conditions to the Offer?	No, there are no conditions to the Offer. The Offer is an unconditional cash offer.
How do you accept the Offer?	<p>The Offer can only be accepted by selling all or some of Your Kresta Shares on market to Argonaut, acting on behalf of Suntarget, before the end of the Offer Period.</p> <p>You are not required to complete a form to accept the Offer.</p> <p>If Your Kresta Shares are in a CHESS Holding, you will need to instruct your Broker to accept the Offer for you.</p> <p>If Your Kresta Shares are registered in an Issuer Sponsored Holding, you may instruct a Broker of your choice to sell your Kresta Shares and accept the Offer on your behalf.</p> <p>Further information on how to accept the Offer is set out in Section 1.2 of this Bidder's Statement.</p>
If you accept the Offer, when will you be paid?	If you accept the Offer, you will be paid on a T+3 Basis. The usual rules of settlement of transactions which occur on market on ASX will apply to Suntarget's purchase of Kresta Shares on market.
Do you have to pay stamp duty or brokerage if you accept the offer?	Other than paying your Broker's fees, you will not have to pay any stamp duty or any form of brokerage fees or other commissions if you accept the Offer.
Can you accept for part of your holding?	Yes, you may accept the Offer in respect of some or all of Your Kresta Shares.
What are the tax implications if you accept the Offer?	If you accept the Offer, you will dispose of Your Kresta Shares and this may have tax consequences. The tax implications of accepting the Offer will vary according to your circumstances and you should seek your own professional advice. A summary of the tax implications is set out in Section 8.

What happens if you do not accept the Offer?

If you do not accept the Offer and Suntarget acquires relevant interests in at least 90% of Kresta, Suntarget intends to proceed to compulsorily acquire Your Kresta Shares. If this occurs, you will be paid the Offer consideration at the end of this process. If you do not accept the Offer and Suntarget does not acquire relevant interests in at least 90% of Kresta, you will remain a Kresta Shareholder and will not receive the cash consideration under the Offer.

Suntarget's intentions are summarised in section 5 of this Bidder's Statement.

Important notice

The information in this section 2 is a **summary only** of the Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the target's statement that Kresta will shortly be sending to you, before deciding whether to accept the Offer.

Where to go for further information

For queries in relation to the Offer, please call Argonaut on +61 8 9224 6888.

3. Profile of Suntarget and APLUS

3.1 Suntarget

The bidder under the Offer is Suntarget. Suntarget is a wholly owned subsidiary of APLUS, which is incorporated in the People's Republic of China.

Suntarget has not conducted any recent activities other than activities in relation to the Offer.

APLUS is the sole corporate director of Suntarget.

3.2 Overview of APLUS and its principal activities

APLUS was founded in 2003 in the People's Republic of China 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 including new 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, 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 RMB1.4 billion.

APLUS is now a major manufacturer of quality fabrics used in indoor and outdoor settings which have been exported to approximately seventy countries across the world. APLUS has an established sales network and works with textile distributors and 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 and 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.

3.3 Directors of APLUS

The directors of APLUS are:

(a) **Lu Xianfeng**

Mr Lu is the current managing director of Kresta and the founder of APLUS. Mr Lu started his business in the field of international trading in 2000. He then founded Ningbo Yusheng Necessities Co., Ltd, in 2001 which is a business manufacturing sun-shading material and products.

Mr Lu founded APLUS in 2003 and began the manufacture and sales of sun-screening material and products. Since the establishment of APLUS, Mr Lu has served as the chairman of the board. Details of Mr Lu's interest in APLUS are set out in section 3.4 below.

(b) **Meng Fanlong**

Mr Meng graduated with an accounting major from Hubei University. From 1998 to 2004, Mr Meng was the audit manager of a listed company and a project manager of an accounting firm, amongst other positions.

From 2005 to June 2012, Mr Meng was the manager of Ma Ying Long Medicine Industry Group Co.'s accounting department. Mr Meng joined the accounting department of APLUS in September 2012 and became the chief financial officer and the vice general manager of APLUS from 23 October 2012.

Mr Meng is also a director and the company secretary of APLUS.

(c) **Yi Chunyan**

Mrs Yi graduated with an English major from Shaanxi University of Technology. Mrs Yi Joined APLUS in February 2011. Mrs Yi was first appointed as the Head of the Foreign Sales Department and then as the Manager of the Sales Department.

Mrs Yi joined the board of directors in July 2014.

(d) **Li Changai (Independent director)**

Mrs Li has a doctor's degree in accounting. Mrs Li is the dean, professor and master's tutor in the accounting school of Hubei Economic College. She is also the managing director of the Hubei Province Accounting Academy and managing director of the Wuhan City Audit Academy.

She is the special auditor of the Wuhan City Audit Bureau and a member of the Hubei Province CPA Disciplinary Committee.

She also serves as an independent director of APLUS, Hubei Mei Er Ya Co. and Wuhan Zhi Xun Chuang Yuan Technology Development Co. Mrs Li has published over 70 professional academic papers on accounting and audit practices and methods, management and a range of other topics.

Mrs Li has been involved in numerous projects financed by National Society and Science Funds.

Mrs Li was awarded as one of the "National Excellent Accountants" in 2008 and the "National Excellent Teachers" in 2004. Mrs Li was the member of Hubei Committee of the People's Republic of China Consultative Conference for the 8th, 9th, and 10th sessions.

(e) **Wang Xihong (Independent director)**

Mr Wang has a master's degree in accounting. Mr Wang worked in a Ningbo Zhengyuan accounting firm from July 1997 to October 2011.

He is currently a partner and vice director accountant of Ningbo City Jinzhou Hai Lian Accounting Firm (Ningbo Di Ping Xian Management Consulting Co., Ltd.).

3.4 Ownership of APLUS

APLUS is listed on the Shenzhen Stock Exchange and its shares are relatively widely held.

Mr Lu Xianfeng currently controls APLUS and holds an interest of approximately 45.87% in APLUS with his wife, Peifei Xu holding an additional interest of approximately 3.67% in APLUS.

4. Profile of Kresta

4.1 Overview of Kresta and its principal activities

Kresta is an ASX-listed company involved in the manufacturing, distribution and retailing of window coverings, treatments and components throughout Australia (**ASX Code: KRS**).

Kresta has been a leading manufacturer and retailer of window furnishings for over 40 years. Kresta operates a number of manufacturing plants which are involved in the production of roller blinds, curtains, vertical blinds and awnings, mostly out of Western Australia. Kresta markets and sells its products in a number of outlets throughout Australia and also has a presence in New Zealand.

Further information on Kresta may be obtained from Kresta's website: www.kresta.com.au or on ASX's website: www.asx.com.au.

4.2 Directors of Kresta

As at the date of the Bidder's Statement, the directors of Kresta are as follows:

- (a) Mr Richard Taylor, Chairman
- (b) Mr Lu Xianfeng, Managing Director
- (c) Mr Andrew Tacey, Executive Director
- (d) Mr Sean Sithu Win Shwe, Executive Director
- (e) Mr John Murphy, non-executive director

4.3 Common Director

Mr Lu Xianfeng is the president and the chairman of APLUS and the current managing director of Kresta. APLUS is the sole corporate director of Suntarget.

5. Suntarget's Intentions towards Kresta

5.1 Overview

This section sets out Suntarget's rationale for the Offer and its intentions in relation to:

- (a) the continuation of the business of Kresta;
- (b) any major changes to be made to the business of Kresta, including any redeployment of the fixed assets of Kresta; and
- (c) the future employment of the present employees of Kresta.

These intentions are based on information concerning Kresta and the circumstances affecting the business of Kresta that are known to Suntarget at the date of this Bidder's Statement.

Although Mr Lu is the current managing director of Kresta and is aware of the details about Kresta's operations and business, Suntarget and APLUS have not undertaken any formal due diligence in relation to Kresta's businesses in connection with the Offer and consequently do not believe that they are aware of all material information, facts and circumstances that may be necessary to enable them to assess all of the operational, commercial, taxation and financial implications of their current intentions.

The statements set out in this section are statements of current intention only, which may change as new information becomes available or circumstances change. The statements in this section should therefore be read in this context.

APLUS' intentions concerning the business, assets and employees of Kresta are the same as the intentions of Suntarget.

5.2 Rationale for the Offer

The primary rationale for the Offer is to provide Suntarget with the opportunity to have a greater influence over Kresta and supplement the expertise of both Kresta's management and the Kresta board so as to enhance its prospects of successfully implementing appropriate business opportunities.

5.3 Intention upon acquisition of 90% or more Kresta Shares

This section sets out Suntarget's intentions if it acquires a relevant interest in 90% or more of Kresta Shares and is entitled to proceed to compulsory acquisition of the outstanding Kresta Shares.

(a) Compulsory Acquisition

If it becomes entitled to do so under the Corporations Act, Suntarget intends to:

- (i) give notices to Kresta Shareholders to compulsorily acquire outstanding Kresta Shares in accordance with section 661B of the Corporations Act; and/or
- (ii) if necessary, give notices to Kresta Shareholders to compulsorily acquire all outstanding Kresta Shares in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A of the Corporations Act, Suntarget will give notice to Kresta Shareholders offering to acquire their Kresta Shares in accordance with sections 662B of the Corporations Act.

(b) ASX Listing

At the conclusion of the compulsory acquisition process, Suntarget intends to arrange for Kresta to be removed from the official list of ASX (subject to any required approvals on the part of ASX), thereby eliminating corporate administrative costs associated with maintaining Kresta as a listed company.

(c) **Directors**

With the exception of Mr Xianfeng Lu, Suntarget may replace all members of the board of Kresta, its subsidiaries and any company in respect of which Kresta has nominated directors with its own nominees. Replacement directors, if required, have not been identified by Suntarget and their identity will depend on the circumstances at the relevant time.

(d) **Kresta's business, assets and employees**

Based on the information concerning Kresta and the circumstances affecting the business of Kresta that are known to Suntarget at the date of this Bidder's Statement, it is the present intention of Suntarget, subject to the operational needs of Kresta going forward:

- (i) to continue the business of Kresta;
- (ii) not to make any major changes to the business of Kresta nor to redeploy any of the fixed assets of Kresta;
- (iii) to continue the employment of Kresta's employees; and
- (iv) to continue to maintain Kresta's manufacturing operations in Australia.

5.4 Intentions upon acquiring more than 50% but less than 90% of Kresta's Shares

Suntarget's intentions if it acquires a relevant interest in more than 50% but less than 90% of Kresta Shares are set out below.

(a) **ASX Listing**

Suntarget will not delist Kresta from ASX with Kresta remaining listed on ASX.

(b) **Directors**

Suntarget does not intend to replace any members of the board of Kresta, its subsidiaries and any company in respect of which Kresta has nominated directors with its own nominees.

(c) **Kresta's business, assets and employees**

If, after the close of the Offer Period, Kresta is a controlled entity but not a wholly owned subsidiary of Suntarget, then Suntarget intends to attempt to procure that the Kresta board implements the intentions of Suntarget outlined in section 5.3(d) above to the extent possible and appropriate.

(d) **Dividends**

Kresta paid a dividend in 2013. Kresta's sound financial position with its strengthened balance sheet and reduced debt was cited in its 2013 Annual Report as the rationale behind the payment of the dividend. Kresta's 2013 Annual Report also stated its intention to continue to pay dividends subject to Kresta's financial performance. Subject to Kresta's financial performance, Suntarget intends to maintain this policy of paying dividends.

(e) **Capital raising and funding**

Suntarget will review the ongoing capital requirements of Kresta and, subject to the operational needs of Kresta going forward, may undertake fundraising activities.

(f) **Further acquisitions of Kresta Shares**

Even if Suntarget is not entitled to proceed to compulsorily acquire the remaining 10% of Kresta Shares at the end of the Offer Period, Suntarget may acquire additional Kresta Shares

under the "creep" provisions of the Corporations Act. Under item 9 of section 611 of the Corporations Act, Suntarget and its Associates may acquire up to 3% of Kresta's Shares every 6 months. Suntarget has not yet decided whether it will acquire further Kresta Shares under the "creep" provisions in the future as that will be dependent on (amongst other things) the extent of Voting Power of Suntarget in Kresta and the condition of the market at the time.

(g) **Information protocols**

Suntarget will seek to access all books and records of Kresta. Whether such access is given would be a decision for the independent directors of Kresta at the time after complying with their statutory and fiduciary duties. The books and records may contain confidential information concerning Kresta, Suntarget therefore contemplates that such access would be given under an appropriate confidentiality agreement.

5.5 Intentions if Suntarget acquires less than 50.1% of Kresta Shares

If Suntarget acquires less than 50.1% of Kresta Shares, it will not seek to obtain further representation on the board of directors of Kresta.

Suntarget may in the future acquire further Kresta Shares in accordance with the Corporations Act. Please refer to section 5.4(f) above.

5.6 Limitations on giving effect to intentions

If, at the conclusion of the Offer, Kresta is a controlled entity but is not a wholly owned subsidiary of Suntarget, there will be minority Kresta Shareholders. The requirement for Kresta directors to have regard to their fiduciary duties in the context of a partly owned subsidiary and the possible requirement to seek approval of Kresta's minority shareholders may prevent a particular intention from being achieved.

In each of these circumstances, Suntarget's ability to implement its intentions will be subject to applicable legal and regulatory requirements which may delay or affect the extent of their implementation. These requirements include:

- (a) the law governing Australian companies, including the Corporations Act, and the Listing Rules (to the extent that they apply to transactions between Suntarget and Kresta), in particular in relation to related party transactions and conflicts of interest; and
- (b) the legal obligation of the board of directors of Kresta to act in good faith in the best interests of Kresta and for the proper purpose.

Any transaction between Suntarget and any member of APLUS (on one hand) and Kresta (on the other) required to effect those intentions will be entered into on arm's length terms. In addition, if required by law or regulatory rules, Suntarget will seek any necessary approval of the remaining Kresta Shareholders to implement those steps.

6. Information on Kresta securities

6.1 Summary of Kresta's issued capital

Set out below is a summary of Kresta's issued capital as publicly disclosed by Kresta:

Fully paid ordinary Kresta Shares	150,258,518
Options and other convertible securities	NIL
Total fully diluted share capital	150,258,518

6.2 Relevant interests in Kresta Shares and Voting Power

As at the date of this Bidder's Statement, Suntarget's Voting Power in Kresta is 19.88%.

6.3 Consideration provided for Kresta Shares during previous four months

Except for the acquisitions of Kresta Shares set out below, neither Suntarget, APLUS nor any of their Associates has provided, or agreed to provide, consideration for Kresta Shares under a purchase or agreement during the four months before the date of this Bidder's Statement.

Date	Number of Kresta Shares acquired	Consideration provided for Kresta Shares	Consideration paid for each Kresta Share
2 May 2014	2,500,000	\$576,723	\$0.23
24 April 2014	1,000	\$190.57	\$0.19
16 April 2014	293,270	\$61,771	\$0.21
15 April 2014	350,000	\$73,469	\$0.21
14 April 2014	1,549,251	\$312,449	\$0.20

6.4 Kresta Share price history

The last sale price of Kresta Shares on ASX on 6 June 2014, the last day on which Kresta Shares were traded on ASX before the date of Suntarget's announcement of its intention to make a takeover bid for Kresta Shares, was \$0.165.

The highest and lowest closing prices during the three months immediately before 6 June 2014 were:

Highest - \$0.21 on 14 June 2014²

Lowest - \$0.16 on 10 March 2014³

² This value was identified from ASX and Chi-X trading data sourced from IRESS without IRESS' consent, as permitted by ASIC Class Order 07/429.

³ This value was identified from ASX and Chi-X trading data sourced from IRESS without IRESS' consent, as permitted by ASIC Class Order 07/429.

6.5 No pre-Offer benefits

During the four months before the date of this Bidder's Statement, neither Suntarget, APLUS nor any of their Associates, gave or offered to give or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Kresta Shares,

and which is not offered to all Kresta Shareholders under the Offer.

6.6 No escalation agreements

Neither Suntarget, APLUS nor any of their Associates have entered into any escalation agreement that is prohibited by the Corporations Act.

7. Funding

7.1 Cash Consideration

The consideration for the acquisition of the Kresta Shares to which this Offer relates will be satisfied by the payment of cash (in Australian dollars).

Based on the number of Kresta Shares on issue as at the date of this Bidder's Statement and the fact that Suntarget and its Associates already own 29,877,210 Kresta Shares as at the date of this Bidder's Statement, the maximum amount of cash which would become payable under the Offer if acceptances were received for all Kresta Shares is \$27,687,700.84.

7.2 Sources of cash consideration

Suntarget intends to fund all of the cash consideration payable under the Offer pursuant to funds drawn down under a facility agreement dated 30 June 2014 (**Facility Agreement**).

(a) Facility

The Facility of CNY 177,000,000, which equates to approximately \$30 million Australian Dollars as at the date of the Bidder's Statement, is provided by Industrial and Commercial Bank of China Limited, Perth branch (**ICBC**). The funds available under the Facility are sufficient to fund the maximum amount of consideration payable under the Offer, being the amount of A\$27,687,700.84 and all associated transaction costs.

(b) Documentation

The Facility Agreement contains provisions relating to the payment of interest and repayment of principal, conditions precedent, representations and warranties, events of default and undertakings by Suntarget. These provisions are customary for loan facilities of this nature and include those described below.

(c) Conditions precedent

There are a number of conditions precedent to the drawing of funds under the Facility Agreement, including:

- (i) ICBC receiving an unconditional and irrevocable standby letter of credit (**SBLC**) issued by Industrial and Commercial Bank of China Limited (Ningbo branch) in respect of each utilisation of the Facility for an amount not less than the amount of that utilisation of the Facility (plus interest on that amount for the next interest period). This condition can be satisfied only at the time of each utilisation. Suntarget is of the opinion that it has a reasonable basis for forming, and it holds, the view that each such SBLC will be duly issued on request;
- (ii) all of the representations and warranties in the Facility Agreement being correct and not misleading; and
- (iii) no event of default or potential event of default under the Facility Agreement continuing.

As of the date of this Bidder's Statement, Suntarget is not aware of any reason why the conditions precedent for a drawing of funds under the Facility Agreement will not be satisfied at any time any cash payment is required to be made under the Offer.

(d) Representations and warranties

The representations and warranties in the Facility Agreement are customary representations and warranties which include:

- For personal use only
- (i) the most financial report given by Suntarget to ICBC complies with all applicable law and accounting standards and gives a true view of its financial position and performance;
 - (ii) Suntarget is able to pay its debts as and when due; and
 - (iii) no potential event of default has occurred and is occurring.

Suntarget is not aware of, and does not expect that there will be, any breaches of the representations and warranties in the Facility Agreement.

(e) **Events of default**

The events of default in the Facility Agreement include:

- (i) any non-compliance with an obligation under the Facility Agreement which is not remedied within 5 Business Days;
- (ii) failure to pay any amounts due under the Facility Agreement;
- (iii) an insolvency event occurs in respect of Suntarget; or
- (iv) an event occurs which has, or is likely to have (or a series of events occur which, together, have or are likely to have) a material adverse effect.

Suntarget is not aware of the occurrence of, and does not expect that there will occur, any events of default in the Facility Agreement which could result in a termination of the Facility Agreement or prevent Suntarget from drawing funds under the Facility.

(f) **Initial drawdown**

As of the date of this Bidder's Statement, Suntarget has drawdown an initial amount of CNY 59,000,000 which at the date of this Bidder's Statement is equal to approximately \$10 million Australian dollars. These funds have been paid directly by Suntarget into Argonaut's trust account to allow Argonaut to pay any amounts that become payable by Suntarget under the Offer.

(g) **Guarantee**

In addition to the Facility, APLUS has irrevocably and unconditionally guaranteed to Argonaut that it will provide to Argonaut on behalf of Suntarget the funds necessary to meet the cash consideration payable to accepting Kresta Shareholders under the Offer.

(h) **Payment of cash consideration**

Having regard to the Facility and the unconditional guarantee provided by APLUS, Suntarget is of the opinion that it has a reasonable basis for forming, and it holds, the view that it will be able to pay the maximum cash consideration required for the acquisition of Kresta Shares under the Offer.

8. Taxation considerations

8.1 Introduction

The following is a general description of the Australian income tax, goods and services tax (GST) and stamp duty consequences applicable to Kresta Shareholders who dispose of their Kresta Shares under the Offer. The summary set out below only applies to Kresta Shareholders who hold Kresta Shares on capital account for Australian tax purposes. In Particular, this summary does not apply to Kresta Shareholders who buy and sell shares in the ordinary course of business or otherwise hold Kresta Shares on revenue account or as trading stock.

This summary also does not apply to those Kresta Shareholders engaged in a business of trading or investment, those who acquired their Kresta Shares for the purpose of resale at a profit, or as a financial arrangement, or those which are banks, insurance companies, tax exempt organisations, superannuation funds, or persons who acquired their Kresta Shares in respect of their employment with Kresta. Such Kresta Shareholders will or may be subject to special or different tax consequences peculiar to their circumstances and should obtain independent advice relevant to those circumstances.

Kresta Shareholders, who are not residents in Australia for tax purposes, should take into account the tax consequences under the law of their country of residence, as well as under Australian law, of accepting the Offer.

The description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but it is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every Kresta Shareholder. It is not possible to cover all Kresta Shareholders' situations in the taxation summary that follows and the tax consequences of the decision by a Kresta Shareholder whether or not to accept the Offer will depend on the particular circumstances of each Kresta Shareholder. Suntarget and its advisors do not accept any liability or responsibility for any tax consequences arising from the acceptance of the Offer by Australian resident and non-resident Shareholders or for the summary below.

Shareholders should obtain independent advice on the tax consequences of the Offer before accepting.

8.2 Australian resident shareholders

(a) Capital gains tax

Acceptance of the Offer will involve the disposal by Kresta Shareholders of their Kresta Shares and will constitute a capital gains tax (CGT) event for Australian taxation purposes. The time of the CGT event is when the Kresta Shareholders dispose of their Kresta Shares for CGT purposes.

Kresta Shareholders who are Australian residents will realise a capital gain in connection with the disposal of a Kresta Share to the extent that the capital proceeds for the disposal of that Kresta Share is more than the cost base of that Kresta Share. Alternatively if the capital proceeds are less than the cost base of that Kresta Share, then the Kresta Shareholder may realise a capital loss. The capital proceeds will be the consideration price of \$0.23 per Kresta Share received by the Kresta Shareholder in respect of the disposal of the Kresta Shares.

The cost base of a Kresta Share will be the total amount a Kresta Shareholder paid for the Kresta Share, including acquisition costs and other costs relating to the holding and disposal of the Kresta Share, to the extent to which a Kresta Shareholder has not claimed an income tax deduction for such costs. The reduced cost base of a Kresta Share is usually determined in a similar, but not identical, manner.

There are a number of circumstances which may result in the cost base or reduced cost base of Kresta Share being calculated in a different manner to that outlined above. We

recommend that Kresta Shareholders consult their tax adviser to confirm the cost base or reduced cost base of their Kresta Shares.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether the taxpayer has made a net capital gain. Any net capital gain is included in the taxpayer's assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains, subject to satisfying any applicable carry forward loss conditions.

Kresta Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a Kresta Share if they have held their Kresta Share for at least 12 months. Companies are not eligible for discount capital gains treatment. Where the CGT discount applies, individuals, complying superannuation entities or trustees should be entitled to discount the amount of the capital gain from disposal of Kresta Shares by 50% in the case of individuals and trusts or by 33% for complying superannuation entities.

(b) Pre-CGT Kresta Shares

The above comments will not apply to Kresta Shareholders who started to hold their Kresta Shares before 19 September 1985. We recommend that these Kresta Shareholders seek their own tax advice relevant to their circumstances.

(c) Cost base indexation

If the Kresta Shares were acquired on or before 21 September 1999 and held for at least 12 months before their disposal, broadly a Kresta Shareholder may choose to adjust the cost base of the Kresta Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which the Kresta Shares were acquired until the quarter ending 30 September 1999 instead of applying the CGT discount. These indexation adjustments are taken into account only for the purpose of calculating capital gain. Indexation adjustments are ignored when calculating the amount of any capital loss. We recommend that these Kresta Shareholders seek their own tax advice relevant to their circumstances.

8.3 Non-resident shareholders

A disposal of Kresta Shares by a non-resident Kresta Shareholder will generally not be subject to CGT unless the non-resident Kresta Shareholder holds their shares through a permanent establishment in Australia or the non-resident Kresta Shareholder alone or together with associates (if any) beneficially owns or owned at any time during the period of 24 months preceding the disposal, 10% or more of the issued share capital in Kresta and more than 50% of the value of Kresta's assets is attributable to Australian real property.

An individual non-resident Kresta Shareholder will generally not be eligible for the CGT discount on disposal of their Kresta Shares. However, such a shareholder may be partially eligible for the CGT discount where they acquired their Kresta Shares before 8 May 2012.

If the non-resident Kresta Shareholder is resident in a country with which Australia has a double taxation agreement, any liability to Australian tax arising from the disposal of the Kresta Shares may be alienated by the terms of that double taxation agreement.

8.4 Goods and Services Tax (GST)

The disposal of Kresta Shares pursuant to the Offer would not be subject to GST. To the extent that you are charged GST in relation to your Broker or Controlling Participant for carrying out your instructions to institute acceptance of the Offer or for any other costs incurred in accepting the Offer, you may not be able to claim any or full input tax credits for GST incurred on the costs as the disposal of shares is input taxed. This will depend on the individual circumstances of each Kresta Shareholder.

8.5 Stamp duty

Kresta Shareholders will not be required to pay any Australian stamp duty on the transfer of the Kresta Shares. Suntarget will be required to pay the stamp duty payable (if any) in Australia on the transfers of Kresta Shares under the Offer.

8.6 Financial considerations

Disposal of your Kresta Shares under the Offer will have implications for your investment strategy and may have social security consequences. You should consult your Broker, or legal, financial, taxation or other professional advisor as soon as possible.

9. Additional information

9.1 Date for determining holders of Kresta Shares

The date for determining the people to whom information is to be sent under item 6 of section 635 of the Corporations Act is the Register Date.

9.2 ASIC modifications to and exemptions from the Corporations Act

ASIC has published various "class order" instruments providing for modifications and exemptions that apply generally to all persons, including Suntarget, in relation to Chapter 6 of the Corporations Act.

This Bidder's Statement contains statements which are made in, or are based on statements made in documents lodged with ASIC or ASX.

Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. Kresta Shareholders may obtain a copy of these documents from ASIC databases or from ASX's website, www.asx.com.au. In addition, Suntarget will, on request and free of charge, provide copies of these documents to Kresta Shareholders. To request a copy of any of these documents (or the relevant extracts), Kresta Shareholders should contact Argonaut on +61 8 9224 6888.

As permitted by ASIC Class Order 07/429, this Bidder's Statement contains trading data references obtained from ASX and Chi-X without their consent.

Statements in relation to Kresta in this Bidder's Statement which do not fall within ASIC Class Order 01/1543 are (except where indicated to the contrary) statements of Suntarget, and Kresta has not consented (nor is required to consent) to those statements.

9.3 Approvals for payment of consideration

Suntarget is not aware of any Kresta Shareholder who requires any approval or clearance, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer.

The Charter of the United Nations Act 1945 (Cth) prohibits:

- (a) assets from being provided to prescribed persons or entities; and
- (b) the use or dealing and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities,

without the written consent of the Minister of Foreign Affairs.

Persons and entities from various countries which have been proscribed under Regulations made under the Charter of the United Nations Act 1945 (Cth) including in relation to Al-Qaida, Central African Republic, Cote d'Ivoire, Democratic People's Republic of Korea, Republic of Congo, Eritrea, Iran, Iraq, Lebanon, Liberia, Libyan Arab Jamahiriya, Somalia, Sudan, the Taliban and Yemen.

Persons and entities who are subject to targeted financial sanctions under the *Charter of the United Nations Act 1945* and the *Autonomous Sanctions Act 2011* are now contained in a Consolidated List published on the Department of Foreign Affairs website: <http://www.dfat.gov.au/sanctions/consolidated-list.html>.

Shareholders who accept this Offer warrant that:

- (a) they are not on the Consolidated List; and
- (b) that they do not require any approval or clearance, in order to be entitled to receive any consideration under the Offer.

9.4 Social security and superannuation implications

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlement. If you are in doubt, you should seek specialist financial advice.

9.5 Other material information

Except as disclosed in this Bidder's Statement, there is no other information that:

- (a) is material to the making of a decision by Kresta Shareholders whether or not to accept the Offer; and
- (b) is known to Suntarget and APLUS,

which has not previously been disclosed to Kresta Shareholders.

9.6 Consents

This Bidder's Statement contains statements made by, or statements based on, statements made by APLUS and Argonaut. Both APLUS and Argonaut have given and have not withdrawn, before lodgement of this Bidder's Statement with ASIC, their consent to the inclusion of:

- (a) references to its name;
- (b) each statement it has made; and
- (c) each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than any statement which has been included in this Bidder's Statement with the consent of that party.

The following firms and companies have given, and have not at the date of this Bidder's Statement withdrawn, their written consent to being named in this Bidder's Statement:

Name of Person	Named as
ICBC	Lender under the Facility Agreement
K&L Gates	Australian Legal Adviser

None of those firms and companies have caused or authorised the issue of this Bidder's Statement or have in any way been involved in the making of the Offer. The Offer is made by Suntarget.

Each of the above firms and companies:

- (a) does not make, or purport to make, any statement in this Bidder's Statement, or any statement on which a statement in this Bidder's Statement is based, other than a reference to its name; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this document, other than a reference to its name.

10. Definitions and interpretation

10.1 Definitions

In this Bidder's Statement unless the context otherwise requires:

2013 Annual Report means the annual report for the financial year ended 30 June 2013 lodged by Kresta with ASX on 9 October 2013;

APLUS means Ningbo Xianfeng New Material Co., LTD;

Argonaut means Argonaut Securities Pty Ltd ABN 72 108 330 650;

Associate has the meaning given in section 12 of the Corporations Act;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ABN 98 008 624 691 or Australian Securities Exchange as the context requires;

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532;

ASX Settlement Operating Rules means the operating rules of ASX Settlement;

Australia means the Commonwealth of Australia;

Banking (Foreign Exchange) Regulations means the Australian Banking (Foreign Exchange) Regulations 1959 (Cth) in force under the Australian Banking Act 1959 (Cth);

Bidder's Statement means this document, being the statement of Suntarget under Part 6.5 Division 2 of the Corporations Act relating to the Offer;

Broker means a person who is a share broker and a participant in CHESS;

Business Day means a day on which banks are open for business in Perth, Western Australia, excluding a Saturday, Sunday or a public holiday;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia;

CHESS Holding means a holding of Kresta Shares on the CHESS subregister of Kresta;

CNY means Chinese Yuan;

Controlling Participant in relation to Kresta Shares, has the same meaning as in the ASX Settlement Operating Rules;

Corporations Act means the *Corporations Act 2001 (Cth)* as amended;

Facility means the loan facility provided under the Facility Agreement;

Facility Agreement means the facility agreement between Suntarget and ICBC dated 2 July 2014;

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*;

Holder Identification Number or **HIN** means the number used to identify a Kresta Shareholder on the CHESS subregister of Kresta;

ICBC means the Industrial and Commercial Bank of China Limited, Perth branch;

Issuer Sponsored Holding means a holding of Kresta Shares on Kresta's issuer sponsored subregister;

Kresta means Kresta Holdings Limited ABN 26 008 675 803;

Kresta Share means a fully paid ordinary share in Kresta and all Rights attaching to them;

Kresta Shareholders means the holders of Kresta Shares;

Listing Rules means the Official Listing Rules of the ASX, as amended or waived by ASX from time to time;

Offer means Suntarget's offer to acquire Kresta Shares under the terms contained in this Bidder's Statement;

Offer Period means the period during which the Offers will remain open for acceptance from 29 July 2014 to 2.00pm (Perth, Western Australian time) on 29 August 2014 or such later date as varied in accordance with the Corporations Act;

Offer Price means \$0.23 for each Kresta Share;

Participant has the meaning given in the ASX Settlement Operating Rules;

Prescribed Occurrence means:

- (a) Kresta converting all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Kresta or a subsidiary of Kresta resolving to reduce its share capital in any way;
- (c) Kresta or a subsidiary of Kresta entering into a buy back agreement or resolving to approve the terms of a buy back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) Kresta or a subsidiary of Kresta making an issue of its shares or granting an option over its shares or agreeing to make such an issue or grant such an option;
- (e) Kresta or a subsidiary of Kresta issuing, or agreeing to issue, convertible notes;
- (f) Kresta or a subsidiary of Kresta disposing, or agreeing to dispose, the whole, or a substantial part, of its business or property;
- (g) Kresta or a subsidiary of Kresta granting or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) Kresta or a subsidiary of Kresta resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Kresta or of a subsidiary of Kresta;
- (j) the making of an order by a court for the winding up of Kresta or a subsidiary of Kresta;
- (k) an administrator of Kresta or a subsidiary of Kresta being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Kresta or a subsidiary of Kresta executing a deed of company arrangement; or
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Kresta or a subsidiary of Kresta.

Register Date means 15 July 2014 being the date for determining the people to whom information is to be sent under item 6 of subsection 635(1) of the Corporations Act as set by Suntarget;

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from the Kresta Shares directly or indirectly at or after the date of this Bidder's Statement, including, without limitation, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Kresta or by any Kresta subsidiary;

Securityholder Reference Number or **SRN** means the number allocated by Kresta to identify a Kresta Shareholder on its issuer sponsored subregister;

Suntarget or **Suntarget** means Suntarget (Hong Kong) Trading Co Ltd, a wholly owned subsidiary of APLUS, a company incorporated in Hong Kong with CR No. 1309448;

T+3 Basis means that settlement occurs on the third Trading Day after the date of the transaction in accordance with ASX's practice;

Trading Day has the meaning given to it in the Listing Rules;

Voting Power has the meaning given to it in section 610 of the Corporations Act;

VWAP means volume weighted average price; and

Your Kresta Shares means the Kresta Shares:

- (a) in respect of which you are registered or entitled to be registered as the holder in the register of members of Kresta at 9.00am (Perth time) on the Register Date; or
- (b) to which you are able to give good title at the time you accept the Offer during the Offer Period.

10.2 Interpretation

In this Bidder's Statement, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate or entity and vice versa;
- (e) a reference to a section or annexure is a reference to a section of, and an annexure to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings and boldings are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Perth, Western Australia, unless otherwise specifically indicated;
- (i) a reference to writing includes email and facsimile transmissions; and
- (j) a reference to A\$ and Australian Dollar, is a reference to the lawful currency of the Commonwealth of Australia.

11. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by Ningbo Xianfeng New Material Co., LTD, being the sole corporate director of Suntarget.

Date: 14 July 2014

Signed for and on behalf of Suntarget by:

Lu Xianfeng 卢先锋

Lu Xianfeng

Legal Representative of Ningbo Xianfeng New Material Co., LTD

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Annexure 1: Announcement by Argonaut

For personal use only



ARGONAUT

The Natural Choice in Resources

TAKEOVER ANNOUNCEMENT

14 July 2014

To the Company Announcements Office

ASX Limited

For immediate release to market

On market takeover bid by Suntarget (Hong Kong) Trading Co Limited, a wholly owned subsidiary of Ningbo Xianfeng New Material Co., LTD, for fully paid ordinary shares in the capital of Kresta Holdings Limited

On 9 June 2014, Suntarget (Hong Kong) Trading Co Limited (**Suntarget**), a wholly owned subsidiary of Ningbo Xianfeng New Material Co., LTD (**APLUS**), announced its intention, subject to the satisfaction of certain conditions, to make an unconditional on market takeover offer for all of the fully paid ordinary shares in the capital of Kresta Holdings Limited (**Kresta**) which are listed for quotation on the Australian Securities Exchange (**ASX**) and are not already owned by Suntarget and its associates. All of these conditions have now been satisfied or waived.

Argonaut Securities Pty Ltd ABN 72 108 330 650 (**Argonaut**) announces that Argonaut will, on behalf of Suntarget pursuant to section 635 of the *Corporations Act 2001* (Cth) (the **Corporations Act**), offer to acquire on market at a price of \$0.23 per share all of the fully paid ordinary shares in the capital of Kresta which are listed for quotation on ASX that exist during the Offer Period (as defined below) (**Kresta Shares**) which Suntarget and its associates do not already own (**Offer**).

From the date and time of this announcement and ending at close of trading on ASX on 29 August 2014, Argonaut (on behalf of Suntarget) will purchase at the Offer Price every Kresta Share offered for sale to Argonaut on market, up to a maximum of 120,381,308 Kresta Shares (being all the Kresta Shares not already owned by Suntarget and its associates).

Terms of the Offer

The key terms of the Offer are:

1. It is an on-market and unconditional offer of \$0.23 per Kresta Share and the consideration will be paid by way of cash.
2. Argonaut will purchase Kresta Shares offered to Argonaut for sale on market from today at the Offer Price until the conclusion of the Offer Period (defined below).
3. The Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Suntarget has appointed and instructed Argonaut to purchase all Kresta Shares that exist or will exist from today until the conclusion of the Offer Period, which are not already owned by Suntarget and its associates, on Suntarget's behalf on market during the official trading days (**Trading Days**) of ASX.

Settlement and Brokerage

Payment for Kresta Shares sold to Suntarget under the Offer will be made on a T+3 settlement basis in accordance with the ASX Settlement Operating Rules.

As the Offer will only be capable of acceptance by Kresta Shareholders selling through brokers which are participating organisations of ASX, all Kresta Shares to be purchased by Suntarget will be purchased on-market only during Trading Days.

Any brokerage charged by brokers acting for Kresta Shareholders wishing to sell their Kresta Share will be the sole responsibility of those Kresta Shareholders.

Offer Period

Argonaut or its agent will stand in the market on behalf of Suntarget and purchase Kresta Shares offered to Argonaut for sale at the Offer Price from the date of this announcement. The Offer will be made from the period commencing 29 July 2014 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 29 August 2014 (**Offer Period**) unless extended by Suntarget pursuant to the Corporations Act.

Suntarget reserves the right to withdraw unaccepted Offers in the circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on Kresta and lodged with ASX and the Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to Kresta Shareholders before commencement of the Offer Period.

Kresta Shares

The Kresta Shares which are the subject of the Offer are all the fully paid ordinary shares in the capital of Kresta Holdings Limited which Suntarget and its associates do not already have a

relevant interest in at the date of the Bidder's Statement or such other Kresta Shares which are issued during the Offer Period.

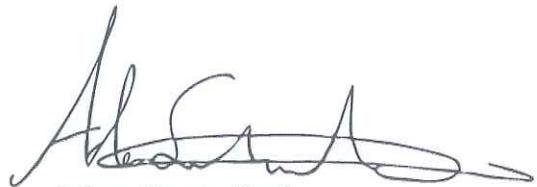
Immediately before making this announcement:

- Suntarget is aware that there are 150,258,518 Kresta Shares on issue, all of which are quoted on ASX; and
- Suntarget and its associates have a relevant interest in 29,877,210 Kresta Shares, which represent approximately 19.88% of the current issued capital of Kresta.

Signed on behalf of Argonaut Securities Pty Limited

A handwritten signature in blue ink, appearing to be 'C. Fear', written over a horizontal line.

Charles AC Fear
Chairman & CEO

A handwritten signature in blue ink, appearing to be 'Adam Santa Maria', written over a horizontal line.

Adam Santa Maria
Legal Counsel & Manager
Equity Capital Markets

12. Corporate Directory

SOLE CORPORATE DIRECTOR OF SUNTARGET

Ningbo Xianfeng New Material Co., LTD

COMPANY SECRETARY OF SUNTARGET

World Trade Enterprises Consultancy Limited

REGISTERED OFFICE OF SUNTARGET

Room 2105 Jnb 804
Trend Centre 29-31
Cheung Lee Street
Chai Wan, Hong Kong

AUSTRALIAN LEGAL ADVISERS

K&L Gates
Level 32
44 St Georges Terrace
Perth WA 6000

BROKER AND FINANCIAL ADVISORS

Argonaut Securities Pty Ltd
Argonaut Capital Ltd
Level 30, 77 St Georges Terrace
Perth WA 6000