

30 April 2013

STATEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE

Byte Power Group Expands its Asian Business Activities

Byte Power Group Limited (ASX Code: BPG) today announced that it has signed a legally binding Term Sheet to acquire 25% stake in a London AIM listed company, Auhua Clean Energy Plc ("Auhua") as a cornerstone investment. BPG intends to acquire the 25% shareholding from Auhua Holdings Ltd ("AHL"), a controlling shareholder of Auhua for GBP3,972,813 (A\$5,959,219).

Highlights

- Auhua is a growing profitable company in a growing sector
- Auhua was established in 2002 and is now a leading solar water heater company in China
- China is the largest consumer in solar water heater in the world representing 64.8% of the global market
- Auhua achieved profit before tax of RMB62.5 million and grew 30% year on year in revenue to reach RMB218 million (A\$33.539 million) for FYE2012
- A scalable business in a huge market like China
- Auhua's positive earnings contribution and continual growth will underpin BPG expansion strategy into the region consistent with BPG's Asian business strategy
- An attractive investment for BPG basing on Auhua's historical price-earnings ratio of only 3.13 times
- BPG will benefit from capital appreciation of Auhua moving forward

Background of Auhua Group

Established in 2002, Auhua Group is a leading Chinese environmental technology company based out of Shandong province, China and listed on the London AIM Exchange in April 2012. Auhua is a government endorsed "High-tech enterprise" in Shandong province specialising in the development and application of green energy and energy efficient solutions. It was the first company to offer split solar powered water heating systems in China and its systems are

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installed as a first in many cities across China. The Company has developed five generations of split-typed solar water heaters and is the officially recommended split-unit product at the national level. Auhua holds 10 patents and a project track record in over 12 provinces.

Auhua's revenue has grown approximately 30% to reach RMB218 million (A\$33.539 million) (2011: RMB169 million (A\$26 million)) and profit before tax increased to RMB62.5 million (A\$9.615 million) for 2012 (2011: RMB57 million (A\$8.769 million)) is expected to be moderately ahead of market expectations.

Since listing on AIM in April 2012, Auhua has made good progress. Most notably the new factory in Rushan, Weihai City is now fully operational and has been able to accommodate the increasing demand for split-unit solar water heater systems. The Auhua Group has also been focused on securing recognition from the industry and relevant government bodies as the leading provider of split-unit solar water heating systems. This has resulted in Auhua receiving a number of awards and accreditations, the most prominent being the five star certification for its split-unit solar water heaters from the Shandong Solar Energy Industry Association. Auhua is the first, and currently the only, company to have been awarded this five star certification based on the quality of its products and this has resulted in an increased awareness and interest in Auhua's products.

The Acquisition

Under the Term Sheet, Byte Power Group Limited ("BPG") will acquire 15,891,250 shares of Auhua, 25% from its current shareholder, Auhua Holdings Ltd ("AHL"), a company controlled by Mr Tham Wai Mun Raphael for GBP3,972,813 (A\$5,959,219) (the "Consideration"). AHL holds 22,500,000 shares (35.4%) of Auhua. Mr Tham Wai Mun Raphael controls 64.1% of Auhua and is the current Chairman of the Board of Auhua. Mr Tham is also an independent director of Byte Power Group Limited since June 2004.

The acquisition of the 25% stake in Auhua ("Acquisition") is subject to a number of conditions precedent including:

- (a) BPG being satisfied with its legal, financial and technical due diligence.
- (b) Obtainment of all regulatory approvals under applicable laws.
- (c) The successful completion of a proposed capital raising by BPG.
- (d) BPG obtaining approval of shareholders under Chapter 11.1 of the ASX Listing Rules.
- (e) BPG obtaining an experts report for the purposes of item 7 of s 611 Corporations Act and LR 10.1 of the ASX Listing Rules concluding that the proposed purchase is "fair and reasonable" to all other shareholders of BPG.
- (f) BPG obtaining approval from its shareholders in general meeting under item 7 of s 611 Corporations Act and under Listing Rules 10.1 and 10.11 of the ASX Listing Rules; and
- (g) The preparation and execution of a definitive Sales and Purchase Agreement.

The Consideration will be met through a cash payment of A\$1.5 million and the issuance of new shares in BPG amounting to approximately A\$4,459,219 at market price of A\$0.002 per share. After completion of the Acquisition, AHL is likely to hold 56.27% of BPG and will be a substantial shareholder. Mr Tham currently holds some 12,479,844 BPG shares. Mr Tham will acquire a relevant interest in the Consideration Shares through his ownership in AHL. His combined shareholding if no other shares are issued in BPG, will amount to 56.58% of the

Company or 2,242,089,219 in BPG shares. However, with the completion of a proposed capital raising by BPG, this is expected to be diluted to around 30%.

The Board of Byte Power will deliberate on the most appropriate form of capital raising which will be carried out contemporaneously with the Acquisition.

Based on the Consideration, it represents a historical price earnings ratio of 3.13 based on recently released FYE2012 results.

Byte Power will begin due diligence on the Acquisition and the parties target to enter into a definitive Sales and Purchase Agreement by 20 May, 2013 and completion of the transaction by end of June, 2013.

Rationale

Auhua is a growing profitable company in a growing sector. With the pollution and energy demands of China, the renewal energy sector will continue to gain influence and attention in China from the population and the government alike. Auhua's technology and market share make it ideal for capitalising in such growth. At the current price-earnings ratio, the Board feels that the transaction is attractive for Byte Power, which will allow the Company both market access into this growing sector but also benefit from the capital appreciation of Auhua moving forward.

The recent initiatives of the Australian government made towards China and our continual focus on renewal energy as a Country, are likely to boost Auhua business. It is also the intention of Auhua to expand into the Australian market and Byte Power's investment will certainly open doors for Auhua to achieve its goal in Australia.

Information about the solar thermal industry in the Shandong province

The Shandong province is the leader in China's solar thermal initiatives. It manufactures one third of China's solar water heaters and China uses 64.8% of the world's total capacity for solar heating (source: Global Status Report 2012).

In 2011, the solar industry in Shandong Province produced revenue of RMB98.2 billion, a year-on-year growth of 18.3%; solar water heater production of 5.98 million units, an increase of 12.8% and a solar thermal application area of 22.73 million square meters.

Currently dominated by unibody systems purchased by end consumers, the Shandong government is shifting its focus to promote split-unit water heater systems to property developers. Consequently they have introduced regulations to increase demand such as enforcement of all buildings above 12 floors to have solar water heater systems (which a traditional unibody system will not be able to support) along with government subsidies to property developers.

About Byte Power Group

Byte Power Group Limited is a diversified business group with operations in Australia and Asia. The Group is also a specialist provider of IT&T solutions to leading organisations in the SME, corporate and government sectors throughout Australia and China.

The Byte Power Group includes a number of related subsidiaries overseas as well as in Australia which includes Byte Power Pty Ltd, Power Tech Systems Pty Ltd, Byte Power (HK) Limited, Byte Power (Chongqing) Information Technology Ltd and Byte Power Pte Ltd.

In February 2012, BPG established the Asian Business Division and began exporting premium Australian wines into China, Hong Kong and other Asian countries. Wine Power Pty Ltd was later established to complement this business.

In February 2013, the Company released its half yearly results, which showed a significant turnaround in revenue and earnings. The half yearly revenue has improved 473% to a total of A\$3.89M and the EBITDA has improved strongly from a deficiency of \$527K to a surplus of A\$266K.

Closing statements

Alvin Phua, Chairman and CEO of BPG said: "I am thrilled to be able to secure this cornerstone investment and strategic partnership for our shareholders and look forward to the opportunities it will present for Byte Power Group.

The positive earnings contribution going forward and Auhua's continual growth will underpin our expansion strategy into the region bringing shareholders value.

Australia has a large and dynamic solar technology market and we look forward to see how we can assist Auhua in establishing their international footprint."

"I am very excited about the opportunities this partnership will unfold. Australia is a huge market of solar products and Auhua is very interested to penetrate this market," said Mr Tham.

Ethel Lau
Company Secretary
Byte Power Group Limited

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