

# LIONGOLD CORP LTD

## COMPANY ANNOUNCEMENT

### PROPOSED SHARE SUBSCRIPTION AND PROPOSED ISSUE OF CONVERTIBLE BONDS – TERMINATION OF SHARE SUBSCRIPTION WITH CERTAIN SHARE SUBSCRIBERS

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#### 1. INTRODUCTION

LionGold Corp Ltd (the “**Company**”) refers to its announcement dated 31 March 2014 in relation to the proposed subscription of up to 37,313,430 new ordinary shares in the capital of the Company and the proposed issue of convertible bonds (the “**Previous Announcement**”).

Unless otherwise defined, all capitalized terms used in this Announcement shall bear the same meanings given to them in the Previous Announcement.

#### 2. TERMINATION OF SHARE SUBSCRIPTION WITH CERTAIN SHARE SUBSCRIBERS

Further to the Previous Announcement, the Company wishes to announce that it has today agreed to terminate the Share Subscription Agreement with Mr. Teo Kek Yeng and Mr. Toh Soon Huat.

Mr. Teo Kek Yeng and Mr. Toh Soon Huat decided to withdraw from the Share Subscription due to the ongoing investigation by the Commercial Affairs Department into an offence under the Securities and Futures Act, Cap. 289, as announced by the Company on 2 April 2014 and 29 April 2014. The board of directors of the Company (the “**Board**”) reiterates that so far, the Board is not aware if any offence has been committed.

Each of Mr. Teo Kek Yeng and Mr. Toh Soon Huat was to subscribe for 3,731,343 Subscription Shares at an aggregate issue price of S\$500,000. Following the termination, subscription for the Subscription Shares shall be as follows:

<u>Name of Share Subscriber</u>	<u>Number of Subscription Shares</u>	<u>Aggregate Issue Price</u>
Mr. Ong King Kok	7,462,686	S\$1,000,000
Ms. Yap Sooi Kuan	7,462,686	S\$1,000,000
Mr. Lee Yee Pin	7,462,686	S\$1,000,000
Mr. Poh Chong Peng	7,462,686	S\$1,000,000

All other terms of the Proposed Offerings remain unchanged.

#### 3. RESULTANT FINANCIAL EFFECTS OF THE PROPOSED OFFERINGS

##### 3.1 Share Capital

On the assumption that all the Subscription Shares are fully subscribed for:

- (a) before conversion of any of the Tranche 1 Bonds or the Tranche 2 Bonds, the Company's issued and paid-up share capital (excluding treasury shares) as at the date of this Announcement (the “**Existing Share Capital**”) will increase from US\$41,355,461.60 comprising 1,033,886,540 Shares to US\$42,549,491.36 comprising 1,063,737,284 Shares. The Subscription Shares represent approximately 2.89% of the Existing Share Capital and approximately 2.81% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the Subscription;

- (b) upon conversion of all the Tranche 1 Bonds but before conversion of any of the Tranche 2 Bonds, the Existing Share Capital will increase to US\$46,299,491.36 comprising 1,157,487,284 Shares. The Tranche 1 Conversion Shares represent approximately 9.07% of the Existing Share Capital. The Subscription Shares and the Tranche 1 Conversion Shares represent approximately 2.58% and 8.10% respectively of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after completion of the Subscription and the conversion of all the Tranche 1 Bonds; and
- (c) upon conversion of all the Bonds, the Existing Share Capital will increase to US\$51,299,491.36 comprising 1,282,487,284 Shares. The Tranche 2 Conversion Shares represent approximately 12.09% of the Existing Share Capital. The Subscription Shares, Tranche 1 Conversion Shares and Tranche 2 Conversion Shares represent approximately 2.33%, 7.31% and 9.75% respectively of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after completion of the Subscription and conversion of all the Bonds.

In this Announcement, any *pro forma* effect of the Proposed Offerings on the Existing Share Capital is presented on the assumption that none of the other convertible securities of the Company are converted into Shares. As at the date of this Announcement, the Company has 250,893,523 outstanding warrants and outstanding convertible bonds in the principal amount of US\$20,000,000, which can be converted into Shares.

### 3.2 Financial Effects

The *pro forma* financial effects of the Proposed Offerings (excluding transaction costs), based on the audited accounts of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2013 (“FY2013”), are set out below. The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Company or the Group.

### 3.3 Net Tangible Assets per Share

The effect of the Proposed Offerings on the Company’s NTA per Share as at 31 March 2013 will be as follows:

	As at 31 March 2013	After the Issue of the Subscription Shares <sup>1</sup>	After the Issue of the Subscription Shares and all the Tranche 1 Conversion Shares <sup>2</sup>	After the Issue of the Subscription Shares and all the Conversion Shares <sup>3</sup>
Consolidated NTA attributable to the shareholders of the Company (S\$’000)	284,165	288,165	303,165	323,165
Number of Shares (excluding treasury shares)	1,033,886,540	1,063,737,284	1,157,487,284	1,282,487,284
Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents)	27.49	27.09	26.19	25.20

#### Notes:

1. Assuming that no Bonds are subscribed for as at 31 March 2013, being the end of FY2013.
2. Assuming that the Subscription Shares and the Tranche 1 Bonds are fully subscribed for and all the Tranche 1 Bonds are converted into Tranche 1 Conversion Shares as at 31 March 2013.
3. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares as at 31 March 2013.

### 3.4 Earnings per Share

The effect of the Proposed Offerings on the earnings per Share (“**EPS**”) of the Company for FY2013 will be as follows:

	<b>FY2013</b>	<b>After the Issue of the Subscription Shares<sup>1</sup></b>	<b>After the Issue of the Subscription Shares and all the Tranche 1 Conversion Shares<sup>2</sup></b>	<b>After the Issue of the Subscription Shares and all the Conversion Shares<sup>3</sup></b>
Consolidated profit after taxation and minority interests (S\$'000)	(8,116)	(8,116)	(8,116)	(8,116)
Weighted average number of Shares (excluding treasury shares)	858,199,153	888,049,897	981,799,897	1,106,799,897
Consolidated EPS (Singapore cents)	(0.94)	(0.91)	(0.83)	(0.73)

**Notes:**

1. Assuming that no Bonds are subscribed for as at 1 April 2012, being the beginning of FY2013.
2. Assuming that the Subscription Shares and the Tranche 1 Bonds are fully subscribed for and all the Tranche 1 Bonds are converted into Tranche 1 Conversion Shares as at 1 April 2012.
3. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares as at 1 April 2012.

#### **4. USE OF PROCEEDS**

Following the termination, the resultant net proceeds from the Proposed Offerings (after deducting expenses relating thereto) is approximately S\$38.70 million. There will be no change to the use of proceeds as set out in paragraph 8 of the Previous Announcement.

#### **5. GENERAL**

Save as disclosed herein and in the Previous Announcement, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Offerings.

The Company will make the necessary announcements once the approval in-principle for the listing and quotation of the Subscription Shares and the Conversion Shares has been obtained from the SGX-ST.

#### **By Order of the Board**

Tan Soo Khoon Raymond  
Executive Director  
2 May 2014