



LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN YANGZHOU LION PROPERTY DEVELOPMENT CO., LTD

1. INTRODUCTION

The board of directors (the "**Board**") of Lion Asiapac Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to announce that LAP Development Pte. Ltd. (the "**Vendor**"), a wholly-owned subsidiary of the Company, has agreed to dispose of its entire equity interest (the "**Sale Shares**") in Yangzhou Lion Property Development Co., Ltd ("**YLPD**") to Duilong Taida Dingsheng Partnership Enterprise (LLP) (堆龙泰达鼎胜合伙企业(有限合伙)) (the "**Purchaser**"), pursuant to a sale and purchase agreement (the "**Agreement**") entered into between the Vendor, the Purchaser and the Company (the "**Proposed Disposal**").

2. INFORMATION ON YLPD

2.1 YLPD was incorporated in Yangzhou City, Jiangsu Province in the People's Republic of China ("**PRC**"), for the purpose of property development. The Vendor is the sole shareholder of YLPD.

2.2 The registered capital of YLPD is currently US\$30.0 million in Renminbi ("**RMB**") equivalent (approximately RMB200.0 million or S\$40.5 million).

(Based on the following exchange rates: RMB1.00 to US\$0.15, S\$1.00 to US\$0.74, and RMB 1.00 to S\$0.20)

3. SALIENT TERMS OF THE DISPOSAL

3.1 Consideration

Under the terms of the Agreement, the aggregate consideration for the Proposed Disposal is RMB100.0 million (approximately S\$20.0 million) (the "**Consideration**") comprising the following:

- (a) cash consideration of RMB97.0 million payable by the Purchaser to the Vendor; and
- (b) RMB3.0 million payable by the Purchaser to YLPD to be used by YLPD for the repayment of the debt (the "**Debt**") owed by YLPD to Lion Asiapac Management Consultancy (Shanghai) Co., Ltd ("**LAPS**").

The Consideration was arrived at pursuant to arm's length negotiations between the Vendor and the Purchaser on a willing-buyer and willing-seller basis, taking into account a number of factors including, *inter alia*, (a) the net tangible asset value represented by the Sale Shares, (b) current market conditions and (c) the fact that following numerous unsuccessful attempts to secure a buyer, the Purchaser is the only party which the Vendor has managed to secure to purchase the Sale Shares at the highest price under current market conditions.

3.2 The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) within three (3) business days of the signing of the Agreement, the Purchaser shall pay RMB5.0 million to the Vendor's designated bank account in the PRC (being a bank account of LAPS in Shanghai) as a deposit ("**Deposit**"). LAPS confirmed receipt of the Deposit on 26 August 2016, and all terms and conditions of the Agreement have come into effect on 26 August 2016;
- (b) within three (3) business days of the receipt of the Deposit by the Vendor, the Purchaser and the Vendor shall enter into an escrow agreement (the "**Escrow Agreement**") with DBS Bank (China) Ltd (Shanghai Branch) (the "**Escrow Bank**"), for the purposes of establishing an escrow account with the Escrow Bank, in the name of the Purchaser (the "**Escrow Account**");
- (c) the Vendor shall on the date of the notice of extraordinary general meeting ("**EGM**") to be convened for shareholders of the Company ("**Shareholders**") to approve the Proposed Disposal, notify the Purchaser in writing (the "**Notice**") to pay RMB92.0 million ("**Balance Amount**") to the Escrow Account. The Purchaser shall, after receiving written notice from the Vendor informing the Purchaser of the Shareholders' approval of the Proposed Disposal, pay the Balance Amount to the Escrow Account on such date falling no earlier than 2 January 2017 and no later than 90 days from the Purchaser's receipt of the Notice;
- (d) within one (1) business day after the receipt of the Balance Amount in the Escrow Account, the Purchaser and the Vendor shall jointly apply to the Ministry of Commerce of the PRC and its local counterpart ("**MOFCOM**") for its approval of the Proposed Disposal;
- (e) within three (3) business days of the Proposed Disposal having been approved by (i) MOFCOM and (ii) the Shareholders at the EGM, the Purchaser and the Vendor shall commence the process for obtaining the related tax clearance and the foreign exchange registration in relation to the Proposed Disposal in accordance with the relevant PRC laws and regulations. Within three (3) business days after obtaining the related tax clearance and the foreign exchange registration, the Vendor shall pay the Deposit into the Escrow Account and the Deposit shall be applied towards settlement of the Consideration for the Sale Shares;
- (f) on the same day or the following day after the Vendor and the Purchaser have prepared all required documents for verification by the State Administration for Industry and Commerce of the PRC or its local counterpart ("**SAIC**") in relation to the transfer of the Sale Shares and received SAIC's confirmation and deposited such documents into a bank safe maintained with a local bank in Yangzhou under the Vendor's name (with the keys to such safe kept in the Vendor's custody), the Vendor and the Purchaser shall jointly issue a payment notice to the Escrow Bank, instructing the Escrow Bank to remit RMB97.0 million, to the Vendor's offshore account designated in the payment notice; and
- (g) following the issuance of the payment notice mentioned in paragraph 3.2(f) above, the Purchaser shall arrange for the payment of RMB3.0 million to YLPD and YLPD shall within one (1) business day thereafter, pay such amount to LAPS in satisfaction of the Debt.

3.3 Conditions Precedent

Completion of the Proposed Disposal ("**Completion**") is conditional upon, *inter alia*, the fulfilment of the following conditions:

- (a) the Proposed Disposal having been approved (i) by the directors and/or shareholders of the Vendor and the Purchaser respectively, and (ii) by the Shareholders at the EGM;
- (b) the Proposed Disposal (i) not being in breach of, and (ii) having been approved by MOFCOM in accordance with, the relevant PRC laws and regulations; and
- (c) the Vendor and YLPD having received the monies referred to under paragraph 3.2(f).

If any of the above conditions is not fulfilled by 30 June 2017 or such later date as the Purchaser, the Vendor and the Company may mutually agree in writing, the Agreement shall be terminated in accordance with the terms of the Agreement.

3.4 Other Material Terms

- (a) Within one (1) business day after the Vendor receives 100% of the Consideration for the Sale Shares, the Vendor and the Purchaser shall jointly commence the registration with SAIC in relation to the transfer of the Sale Shares.
- (b) Upon completion of the registration with SAIC and change of the legal representative, the date on which YLPD receives its new business licence reflecting the Purchaser as the sole shareholder of YLPD shall be the date of Completion.
- (c) The Company shall guarantee the performance of the Vendor's responsibilities and obligations under the Agreement.

4. **RATIONALE FOR THE PROPOSED DISPOSAL**

- 4.1 As disclosed in the circular to Shareholders dated 22 November 2013, YLPD had, through a tender won by LAPS, acquired a land parcel in Yangzhou (the "**Land**") at a tender price of RMB168.3 million (approximately S\$33.7 million) for the purpose of developing a mixed-use residential cum commercial project (the "**Project**").
- 4.2 Subsequently, as disclosed in the Company's full year unaudited financial statement announcement for the year ended 30 June 2015 released on 19 August 2015, owing to a downturn in the PRC's property market, the Company was exploring the possibility of divesting its interest in the Project, after a failed attempt to surrender the Land back to the authority. Property developers have not only seen a drop in sales prices, but also a substantial drop in sales volume. Consequently, it was anticipated that the funding of the development costs would be adversely affected, as the projected time period required to complete sales of units in the initial phase of the Project would lengthen significantly, leading to a prolonged delay in the collection of sales proceeds to fund the development of subsequent phases.
- 4.3 Although there may be signs of stabilising conditions in the PRC's property market, it is anticipated that any recovery may be slow. The Board expects that it would be extremely challenging for the Company to achieve break-even on the Project, and the Project may even turn out to be loss-making, based on the current market conditions.

- 4.4 In light of the above, the Board is of the view that it would not be commercially and financially advisable to proceed with the development of the Land. Having evaluated all the options available, the Board considers the Proposed Disposal to be in the best interests of the Group.
- 4.5 The Company intends to use the sale proceeds from the Proposed Disposal for future projects of the Group.

5. MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures as computed on the bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), based on the unaudited financial results of the Group for the full year ended 30 June 2016 ("**FY 2016**"), are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Sale Shares to be disposed of, being (S\$166,000), compared with the Group's net asset value	Not meaningful ¹
(b)	Net profits attributable to the Sale Shares to be disposed of, compared with the Group's net profits	N.A. ²
(c)	Aggregate value of the Consideration received compared with the market capitalisation of the Company (based on total number of issued shares of the Company (" Shares "), excluding treasury shares)	93% ³
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A. ⁴
(e)	Aggregate volume or amount of proved and probable resources to be disposed of, compared with the aggregate of the Group's proved and probable resources	N.A. ⁵

Notes:

1. Net asset value of the Group as at 30 June 2016 is S\$67.5 million. As YLPD is loss-making, the relative figure computed under Rule 1006(a) is negative and accordingly, not meaningful.
2. Not applicable as YLPD is loss-making.
3. Market capitalisation of the Company as at 25 August 2016 is S\$21.5 million.
4. Not applicable as this basis is not applicable to a disposal of assets, as is the case here.
5. Not applicable as the Company is not a mineral, oil and gas company.

As the relative figure under Rule 1006(c) exceeds 20%, the Proposed Disposal is a "major transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the Shareholders.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 6.1 Based on the unaudited financial results of the Group for FY 2016, the net liabilities of YLPD as at 30 June 2016 is approximately S\$166,000.
- 6.2 Based on the unaudited financial results of the Group for FY 2016, assuming that the Proposed Disposal had been completed on 1 July 2015, the Group would expect to realise an attributable net disposal loss of approximately S\$18.2 million, and a surplus of the proceeds over the book value of approximately S\$20.5 million.
- 6.3 The financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per Share and earnings per Share of the Company prepared based on the latest unaudited consolidated financial statements for FY 2016 are set out below. The financial effects below are purely for illustrative purposes only and are not indicative of the actual financial position of the Group and/or the Company following the Proposed Disposal.

(a) Profits and Earnings per Share

Assuming that the Proposed Disposal had been completed on 1 July 2015, the pro forma financial effects on the consolidated profits and earnings per Share are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss)/Profit after tax and minority interests (S\$'000)	(2,240)	19,552
(Loss)/Earnings per Share (basic and diluted) (cents)	(2.76)	24.11

Note:

Based on the weighted average number of 81,104,539 issued Shares as at 30 June 2016 (excluding treasury shares).

(b) NTA per Share

Assuming that the Proposed Disposal had been completed on 30 June 2016, the pro forma financial effects on the consolidated NTA per Share are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	67,385	87,866
NTA per Share (cents)	83.08	108.34

Note:

NTA per Share is calculated based on 81,104,539 issued Shares as at 30 June 2016 (excluding treasury shares).

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

9. SHAREHOLDERS' APPROVAL AND CIRCULAR TO BE DESPACHED TO SHAREHOLDERS

As stated in paragraph 5, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and accordingly will be subject to Shareholders' approval of the same. The circular to the Shareholders containing, *inter alia*, further details of the Proposed Disposal and a notice of the EGM to be convened, will be despatched to Shareholders in due course.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 10 Arumugam Road, #10-00, LTC Building A, Singapore 409957 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD
LION ASIAPAC LIMITED

Tan Yen Hui
Company Secretary

Singapore, 26 August 2016