LONGCHEER HOLDINGS LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35673)

PROPOSED DISPOSAL OF 14.68% EQUITY INTEREST IN SHANGHAI TRICHEER TECHNOLOGY CO., LIMITED (上海三旗通信科技股份有限公司)

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1. INTRODUCTION

The board of directors (the "**Board**") of Longcheer Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that Xi'an Longfei Software Co., Limited (***Xi'an Longfei***), a wholly-owned subsidiary of the Company, had on 14 November 2014 entered into an equity transfer agreement (the "**Agreement**") with Shanghai Zhanqi Investment Centre LP (上海展旗投资中心（有限合伙）) (the "**Purchaser**"), in relation to the sale of 14.68% equity interest ("**Target Equity Interest**") in Shanghai Tricheer Technology Co., Limited (上海三旗通信科技股份有限公司) (the "**Target Company**") to the Purchaser ("**Proposed Disposal**").

2. BACKGROUND

On 6 May 2013, the Board announced that Longcheer Technology (Shanghai) Co., Limited ("**Longcheer Technology**"), then a wholly-owned subsidiary of the Group, had on that date entered into an agreement with each of the Purchaser and Shanghai Qijing Investment Centre LP, in relation to the reduction of the registered capital of the Target Company ("**Capital Reduction**") from RMB100 million to RMB32 million ("**Capital Reduction Agreement**"). Under the terms of the Capital Reduction Agreement, Longcheer Technology is entitled to eventually divest the Target Equity Interest.

As announced on 16 October 2013, the Capital Reduction was completed in September 2013. Following completion of the Capital Reduction, Target Equity Interest was reduced from 72.70% to 14.68%. Subsequent to several group restructuring exercises, the Target Equity Interest was transferred from Longcheer Technology to Longcheer Industries (Xi'an) Co., Limited, and subsequently to Xi'an Longfei. Consequently Xi'an Longfei entered into the Agreement in relation to the Proposed Disposal.

3. RELATIVE FIGURES

Based on the unaudited consolidated financial statements of the Group for first quarter ended 30 September 2014, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Proposed Disposal (RMB'000)	Group (RMB'000)	Relative Figures
(a)	Net asset value[(1)] of the Target Equity Interest compared with the Group's net asset value	15,040	248,917	**6.0%**
(b)	Net profit[(2)] attributable to Target Equity Interest compared with the Group's net profits (before tax, miscellaneous and extraordinary items)	216	1,627	**13.3%**

(c)	The aggregate value of the consideration received compared with the Group's market capitalization[(3)]	15,040	147,322	**10.2%**
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable	Not Applicable	Not Applicable

Notes:

(1) Net asset value means total assets less total liabilities determined by reference to the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2014.

(2) Net profits means the profits before tax, miscellaneous and extraordinary items determined by reference to the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2014.

(3) The Company's market capitalisation is based on the Company's issued share capital less treasury shares of 352,445,350 shares and a volume weighted average share price of SGD0.088 as at 13 November 2014, being the last traded market day immediately prior to the date of the Agreement.

Based on the relative figures computed above, the Proposed Disposal is classified as a discloseable transaction in accordance with Rule 1010 of the Listing Rules, therefore shareholders' approval is not required for the Proposed Disposal.

4. DETAILS OF THE PROPOSED DISPOSAL

4.1. Information on the Purchaser

The Purchaser is a limited partnership established under the laws of the People's Republic of China. As of the date of this announcement, the Purchaser holds 42.66% of the equity interest in the Target Company with the remaining equity interests held, as to 14.68% by Xi'an Longfei and 42.66% by Shanghai Qijing Investment Centre LP.

Both the Purchaser and Shanghai Qijing Investment Centre LP are unrelated third parties.

4.2. Information on the Target Company

The Target Company is a limited liability company incorporated in the People's Republic of China. It is principally engaged in providing design solutions for 3G wireless devices like modems and routers (excluding design solutions for mobile handset).

5. PRINCIPAL TERMS OF THE AGREEMENT

5.1. Consideration

The consideration for the Proposed Disposal is RMB15,040,000 ("**Consideration**") was arrived at arms' length, on a willing-buyer and willing-seller basis, after taking into account the carrying value of the Target Company as at 30 September 2014.

The Consideration shall be satisfied in cash by 31 December 2014.

The carrying value of the Target Equity Interest as at 30 September 2014 was approximately RMB 15,040,000. The net proceeds from the Proposed Disposal (after deducting fees and expenses) is estimated to be approximately RMB15,000,000.

Given that the Consideration equals to the carrying value of Target Equity Interest, there is no gain or loss attributable to the Proposed Disposal.

The Consideration represents a surplus of RMB10,340,000 over the original cost of investment of RMB4,700,000. As such, the Consideration is subject to PRC Corporate Income Tax, amounting to approximately RMB2,585,000. As of the date of this announcement, Xi'an Longfei has accumulated sufficient losses to offset the surplus which is subject to approval from the PRC tax authority.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal allows the Group to realize the Target Equity Interest. It is part of the Group's business strategy of realising its investments in businesses which have lower profitability and stagnant prospects in order to improve liquidity of the Group. It has been the Group's intention to dispose of the Target Equity Interest pursuant to the Capital Reduction Agreement. The Directors are of the view that the Proposed Disposal would be the best possible means which the Group may maximise shareholders' value going forward by allowing the Group's business to be streamlined.

7. PROCEEDS

The net proceeds of approximately RMB15,000,000 arising from the Proposed Disposal will be used to meet general working capital requirements of the Group.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Group, as set out below, are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after completion of the Proposed Disposal.

The financial effects of the Proposed Disposal set out below were prepared based on the audited financial statements of the Group for the financial year ended 30 June 2014 and subject to the following assumptions:

(a) For the purpose of calculating the NTA of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was completed on 30 June 2014;

(b) For the purpose of computing the earnings per share of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was effected on 1 July 2014.

Financial effects on net tangible assets

	Before Proposed Disposal	**After Proposed Disposal**
Net tangible assets (RMB'000)	682,792	232,752[(2)]
Number of Shares[(1)]	352,445,350	352,445,350
Net tangible assets per share (RMB)	1.94	0.66

Notes:

(1) Based on the number of shares as at 30 June 2014.

(2) The net tangible assets after the Proposed Disposal was adjusted after providing for the distribution of the special dividends amounting to RMB450,000,000 in September 2014.

Financial effects on earnings per share

	Before Proposed Disposal	**After Proposed Disposal**
Profits attributable to the owners of the Company (RMB'000)	85,841	85,801
Number of Shares[(1)]	352,445,350	352,445,350
Earnings per share (RMB cents)	24.36	24.34

Notes:

(1) Based on the number of shares as at 30 June 2014.

(2) The profits attributable to the owners of the Company have been determined after deducting the estimated expenses in relation to the Proposed Disposal.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

10. SERVICE CONTRACTS

There are no directors who are 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 between the Company and any such person.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at HEP Corporate Services Pte. Ltd., SGX Centre 2, #17-01, 4 Shenton Way Singapore 068807, for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
LONGCHEER HOLDINGS LIMITED

Dr. Du Junhong
Executive Chairman
14 November 2014