



EUROPTRONIC GROUP LTD

(Company Registration Number 200009775K)

(Incorporated in the Republic of Singapore on 18 November 2000)

SALE AND PURCHASE AGREEMENT DATED 4 JULY 2016 IN RESPECT OF THE PROPOSED SALE BY EUROPTRONIC GROUP LTD OF ITS ENTIRE INTEREST IN EUROPTRONIC (SUZHOU) CO., LTD

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of Europtonic Group Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcements dated 25 January 2016 and 8 June 2016 relating to the memorandum of understanding dated 25 January 2016, as varied, amended and/or modified by a supplemental memorandum of understanding dated 7 June 2016 (the “**MOU**”), entered into among the Company, Europtonic (Suzhou) Co., Ltd (“**Europtonic Suzhou**”) and Nantong Jianghai Power Electronics Co. Ltd. (南通新江海动力电子有限公司) (the “**Purchaser**”), for the proposed sale by the Company of its entire interest in Europtonic Suzhou to the Purchaser.

The Company wishes to announce that the Company, together with the other shareholders of Europtonic Suzhou (the “**Remaining Shareholders**” and together with the Company, the “**Europtonic Suzhou Shareholders**”), had today entered into a definitive sale and purchase agreement dated 4 July 2016 (the “**Sale and Purchase Agreement**”) with the Purchaser for the proposed sale by the Europtonic Suzhou Shareholders to the Purchaser of their entire interest (the “**Sale Interest**”) in Europtonic Suzhou (the “**Sale**”).

Following completion of the Sale, Europtonic Suzhou would cease to be a subsidiary of the Company.

2. INFORMATION ON EUROPTRONIC SUZHOU AND THE EUROPTRONIC SUZHOU SHAREHOLDERS

2.1 Background of Europtonic Suzhou

Europtonic Suzhou is a company established in the People’s Republic of China (“**PRC**”) with its office at No. 1618 Yundongdadao Wujiang Economic Development Zone Suzhou, Jiangsu Province PRC (苏州吴江经济技术开发区运东大道 1618 号). The registered capital of Europtonic Suzhou, as at the date hereof, is US\$10,828,700.

The current legal representative of Europtonic Suzhou is Mr Huang Shih-An, the Non-Executive Chairman of the Company.

Europtonic Suzhou is currently engaged in the manufacture and distribution of own in-house manufactured metalised film capacitors and plastic film capacitors.

2.2 Financial information of Europtronic Suzhou

Based on the audited financial statements of Europtronic Suzhou for its financial year ended 31 December 2015, the net tangible asset (the “NTA”) value of Europtronic Suzhou was approximately RMB96,472,000(approximately US\$14,507,068¹) and it recorded a net loss before tax of approximately RMB15,047,000 (approximately US\$2,262,707).

The net book value of Europtronic Suzhou was approximately RMB96,472,000 (approximately US\$14,507,068) as at 31 December 2015.

Based on the unaudited financial statements of Europtronic Suzhou for the three month period ended 31 March 2016, the NTA of Europtronic Suzhou was approximately RMB\$90,088,000 (approximately US\$13,547,068) and it recorded a net loss before tax of approximately RMB6,384,000 (approximately US\$960,000).

The net book value of Europtronic Suzhou was approximately RMB90,088,000 (approximately US\$13,547,068) as at 31 March 2016.

2.3 Europtronic Suzhou Shareholders

The existing shareholders and their percentage shareholdings in the registered capital of Europtronic Suzhou, representing their respective Sale Interest, are as follows:

Name of Europtronic Suzhou Shareholder	Shareholding in Europtronic Suzhou (%)
The Company	89.05
深圳市誉安达进出口有限公司	3.76
苏州中如旺投资管理有限公司	3.89
Accuvest Capital I Limited	3.30
Total :	100.00

The Company is not related to any of the Remaining Shareholders.

3. INFORMATION ON THE PURCHASER

The Purchaser is a wholly-owned subsidiary of Nantong Jianghai Capacitor Co. Ltd. (南通江海电容器股份有限公司) (“**Nantong Jianghai**”), a company established in the PRC and listed on the ShenZhen Stock Exchange under the stock code 002484.

Please refer to the website of Nantong Jianghai at www.jianghai.com for further information relating to the Purchaser and Nantong Jianghai.

Neither the Company nor any of its Directors holds any stock of Nantong Jianghai or is related to Nantong Jianghai or any of the directors of Nantong Jianghai.

¹In this announcement, the exchange rate of US\$1.00 to S\$0.74 and the exchange rate of US\$1.00 to RMB6.65 had been used to convert one currency to the other and vice versa. Such exchange rates on 30 June 2016 were extracted from the website www.oanda.com/convert/fxdaily.

4. PRINCIPAL TERMS OF THE SALE

4.1 The Sale Price

The cash consideration payable by the Purchaser to the Europtronic Suzhou Shareholders for the Sale Interest is RMB180,000,000 (the “**Sale Price**”).

The Sale Price will be paid to the Europtronic Suzhou Shareholders based on their respective shareholdings in Europtronic Suzhou of which RMB160,290,000 will be paid to the Company and the balance sum of RMB19,710,000 will be paid to the Remaining Shareholders.

The Sale Price, arrived at following arm’s length negotiations between the Europtronic Suzhou Shareholders and the Purchaser, on a willing-buyer willing-seller basis, is based on approximately 1.86 times of the NTA of Europtronic Suzhou as at 31 December 2015.

The NTA of Europtronic Suzhou as at 31 December 2015 was RMB96,472,000 (approximately US\$14,507,068).

4.2 Payment terms of the Sale Price

The Sale Price, to be satisfied entirely in cash by the Purchaser, is payable as follows:

- (a) the sum of RMB90,000,000, or 50% of the Sale Price (the “**First Instalment**”), is payable by the Purchaser to the Europtronic Suzhou Shareholders within seven (7) business days from the date of receipt by Europtronic Suzhou of written approval from the relevant regulatory authority in the PRC for the Sale;
- (b) the sum of RMB45,000,000, or 25% of the Sale Price (the “**Second Instalment**”), is payable by the Purchaser to the Europtronic Suzhou Shareholders within seven (7) business days upon the satisfaction of the following conditions:
 - (i) the Purchaser being registered as the shareholder of the Sale Interest by the relevant regulatory authority in the PRC;
 - (ii) the return of the deposit of RMB20,000,000 by the Company to the Purchaser; and
 - (iii) the settlement of related parties transactions between Europtronic Group and its subsidiaries with Europtronic Suzhou as at 31 December 2015 for the sum of RMB40,329,300.
- (c) the balance sum of RMB45,000,000, or 25% of the Sale Price (the “**Final Instalment**”) and together with the First Instalment and the Second Instalment, as the “**Installments**”), is payable by the Purchaser to the Europtronic Suzhou Shareholders on the date falling six (6) months from the date on which the Second Instalment was paid, or such earlier date as may be agreed between the said parties.

If, on the due date for the payment of the Final Instalment, Europtronic Suzhou does not receive payment from any of its customers in respect of receivables due and payable from the said customers as at 30 June 2016 (the “**Uncollected Payables**”),

the Purchaser and the Europtronic Suzhou Shareholders agreed that the an amount equal to the Uncollected Payables shall be deducted from the Final Instalment.

In addition, the payment of the Instalments is also subject to there being no material breach in the warranties and representations provided by the Europtronic Suzhou Shareholders in the Sale and Purchase Agreement.

Any conditions to the payment of the Instalments can be waived by the Purchaser in its sole discretion.

The deposit, as per paragraph 4.2(b) above, refers to the aggregate sum of RMB20,000,000 paid by the Purchaser to the Company as deposit for the Sale in accordance with the terms of the MOU. The said deposit is to be returned by the Company to the Purchaser within three (3) calendar days from the date of receipt by the Company of the First Instalment.

The amount of the Sale Price payable to each Europtronic Suzhou Shareholder, based on their respective Sale Interest, are as follows:

	The Company	深圳市誉安达 进出口有限公司	苏州中如旺 投资管理有限公司	Accuvest Capital I Limited
First Instalment	RMB80,145,000	RMB3,384,000	RMB3,501,000	RMB2,970,000
Second Instalment	RMB40,072,500	RMB1,692,000	RMB1,750,500	RMB1,485,000
Final Instalment	RMB40,072,500	RMB1,692,000	RMB1,750,500	RMB1,485,000
Total :	RMB160,290,000	RMB6,768,000	RMB7,002,000	RMB5,940,000

4.3 Additional Sale Price

The Purchaser had warranted to the Europtronic Suzhou Shareholders under the Sale and Purchase Agreement that any damages or compensation received by Europtronic Suzhou in respect of a loan dispute which it currently has with an individual, will be distributed or paid to the Europtronic Suzhou Shareholders based on their respective Sale Interest. Such amount, if paid, will be in addition to the Sale Price.

4.4 Conditions Precedent

The proposed Sale is subject to the fulfillment or satisfaction of the following conditions precedent, unless otherwise waived by the Europtronic Suzhou Shareholders at their own discretion, on or before 31 August 2016 (or such other date as may be agreed between the Purchaser and Europtronic Suzhou Shareholders):

- (a) the Sale and Purchase Agreement and its related documents being duly executed by the Purchaser and the Europtronic Suzhou Shareholders;
- (b) all approvals, authorisations and clearances as may be required or appropriate for or in connection with the sale and purchase of the Sale Interest being obtained by the relevant party (including and not limited to shareholders' approval being obtained by the Purchaser (if required) and by the Company and board's approval for the Sale); and

- (c) the Purchaser is not in breach of its representations and warranties contained in the Sale and Purchase Agreement.

4.5 Completion

Upon the receipt of the First Instalment, and unless otherwise agreed by the parties, the Europtronic Suzhou Shareholders shall, within 45 days from the date of receipt of the First Instalment, submit the required documents to the relevant regulatory authority in the PRC for purposes of registering the Purchaser as the shareholder for the Sale Interest. On the date on which the Purchaser becomes the registered shareholder of the Sale Interest, the Purchaser shall assume control over Europtronic Suzhou and the Europtronic Suzhou Shareholders shall no longer be involved or be responsible for the affairs and operations of Europtronic Suzhou.

4.6 Representations and Warranties

Under the Sale and Purchase Agreement, the following representations and warranties were provided, in addition to the representations and warranties provided by the relevant parties which are customary for transactions of similar nature:

- (a) the Europtronic Suzhou Shareholders have each undertaken to the Purchaser that the employment status of the key officers of Europtronic Suzhou, as identified in the Sale and Purchase Agreement, should remain status quo prior to and following completion of the Sale;
- (b) the Purchaser and the Europtronic Suzhou Shareholders have each undertaken that, following completion of the Sale, they will not solicit or entice away the key officers of Europtronic Suzhou, as identified in the Sale and Purchase Agreement;
- (c) the Europtronic Suzhou Shareholders have each undertaken to the Purchaser that, following completion of the Sale, none of them will carry on or be engaged or invest in any company, within the PRC, with the business activities which are the same or similar to that carried on by Europtronic Suzhou; and
- (d) the Europtronic Suzhou Shareholders have each undertaken to the Purchaser that certain accounts receivables of Europtronic Suzhou, as set out in the Sale and Purchase Agreement, can be collected by Europtronic Suzhou on or before 31 March 2017, failing which, and due to no fault of the Purchaser, the Europtronic Suzhou Shareholders shall pay the outstanding amount to Europtronic Suzhou.

5. RATIONALE AND THE USE OF PROCEEDS FROM THE SALE

The Sale will enable the Company to raise funds and the net proceeds arising from the Sale will be used by the Company to settle all of the Group's liabilities and the excess, if any, will be distributed to the shareholders of the Company.

6. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

Based on the latest published unaudited consolidated financial statements of the Company for the three month period ended 31 March 2016, the relative figures for the Sale, computed on the bases of assessment pursuant to Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited, are as follows:-

Rule 1006		The Sale ('000)	The Group ('000)	(%)
(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 March 2016	US\$13,547 ⁽¹⁾	US\$(1,082)	(1,252.04)
(b)	The net profits ⁽²⁾ attributable to the assets disposed of compared with the Group's net loss ⁽²⁾ for the three month period ended 31 March 2016	US\$10,557 ⁽³⁾	US\$(2,418)	(436.59)
(c)	The aggregate value of the consideration received compared with the Company's market capitalisation as at 1 April 2016 ⁽⁴⁾	US\$24,104 ⁽⁵⁾	US\$1,397 ⁽⁶⁾	1,725.74
(d)	The 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		
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	Not Applicable		

Notes:

- (1) The net asset value of the Company's Sale Interest of US\$13,547,000 (equivalent to approximately RMB90,088,000) was computed based on the NTA of Europtonic Suzhou of approximately US\$13,547,000 (equivalent to approximately RMB90,088,000).
- (2) Net profits or net loss means profits or loss before income tax, minority interests and extraordinary items.
- (3) The net profits attributable to the Company's Sale Interest of US\$10,557,000 (equivalent to approximately RMB70,202,000) was computed based on the net profits of Europtonic Suzhou for the three month period ended 31 March 2016 of approximately US\$10,557,000 (equivalent to approximately RMB70,202,000).
- (4) Being the last market day on which the shares of the Company were traded on the SGX-ST.
- (5) The consideration is based on the amount of the Sale Price of US\$24,104,000 (equivalent to RMB160,290,000) to be received by the Company from the Sale.

- (6) The market capitalisation of the Company of US\$1,397,000 (equivalent to approximately S\$1,887,464) was determined by multiplying the existing number of issued shares of the Company of 943,732,154 shares by the weighted average price of the shares of US\$0.00148 per share (equivalent to approximately S\$0.002 per share) on 1 April 2016, being the last market day on which the shares of the Company were traded on the SGX-ST. The shares of the Company were suspended from 9.00 a.m. on 4 April 2016.

The Sale is conditional upon the approval of the shareholders of the Company being obtained at an extraordinary general meeting of the Company to be convened in due course.

7. FINANCIAL EFFECTS OF THE SALE

The proforma financial effects of the Sale are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group after completion of the Sale.

7.1 NTA

Assuming that the Sale had been completed on 31 December 2015 and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2015, the proforma financial effects of the Sale on the consolidated NTA of the Company are as follows:-

	Before the Sale	After the Sale
NTA as at 31 December 2015 (US\$'000)	667	10,264
Number of issued shares	943,732,154	943,732,154
NTA per share as at 31 December 2015 (US cents)	0.07	1.09

7.2 Earnings per share ("EPS")

Assuming that the Sale had been completed on 1 January 2015 and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2015, the proforma financial effects of the Sale on the consolidated EPS of the Company are as follows:-

	Before the Sale	After the Sale
Profit after tax (US\$'000)	(5,753)	2,819
Weighted average number of issued shares	943,732,154	943,732,154
EPS (US cents)	(0.61)	0.30

7.3 Expected gain on the Sale

Assuming that the Sale had been completed on 31 December 2016 and based on (i) the Sale Price payable to the Company of US\$24,103,759 (equivalent to approximately RMB160,290,000) and (ii) the NTA of Europtronic Suzhou of US\$14,507,068 (equivalent to approximately RMB96,472,000) as at 31 December 2015, the expected gain on the Sale is approximately US\$9,596,692.

7.4 Excess of the Sale Price over the book value of Europtronic Suzhou

Based on the Company's share of the net book value of Europtronic Suzhou of approximately US\$14,507,068 (approximately RMB96,472,000) as at 31 December 2015, the excess of the Sale Price payable to the Company of US\$24,103,759 (equivalent to approximately RMB160,290,000) over the said net book value is approximately US\$9,596,692 (approximately RMB63,818,000).

8. OTHER MATTERS

8.1 Extraordinary General Meeting

A circular setting out information on the Sale and enclosing the notice of extraordinary general meeting of the Company will be despatched by the Company to the shareholders in due course.

8.2 Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company and their respective associates, has any interest, direct or indirect, in the Sale other than through their shareholdings in the Company (if any).

8.3 No service agreement

No person will be appointed as a Director of the Company in connection with the Sale and no service contract in relation thereto will be entered into by the Company.

8.4 Document for Inspection

Copies of the following documents are available for inspection at the Company's registered office at 60 Kaki Bukit Place Eunos Techpark #01-10 Singapore 415979 during normal business hours for a period of three (3) months from the date of this announcement:

- (a) the Sale and Purchase Agreement in Chinese language; and
- (b) the translated Sale and Purchase Agreement in English.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Sale, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board
Europtronic Group Ltd

HUANG SHIH-AN
Non-Executive Chairman
7 July 2016