



## LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

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# UPDATE ON THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN YANGZHOU LION PROPERTY DEVELOPMENT CO., LTD

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## 1. INTRODUCTION

The Board of Directors of Lion Asiapac Limited (the "**Company**") refers to the following:

- (a) its earlier announcements dated 26 August 2016 and 2 September 2016 in relation to the disposal (the "**Disposal**") of the entire equity interest (the "**Sale Shares**") in Yangzhou Lion Property Development Co., Ltd ("**YLPD**") by LAP Development Pte. Ltd. (the "**Vendor**"), a wholly-owned subsidiary of the Company, to Duilong Taida Dingsheng Partnership Enterprise (LLP) (堆龙泰达鼎胜合伙企业(有限合伙)) (the "**Original Purchaser**"), pursuant to a sale and purchase agreement (the "**Original SPA**") entered into between the Vendor, the Original Purchaser and the Company;
- (b) the circular dated 12 October 2016 issued by the Company to shareholders of the Company ("**Shareholders**") to explain the reasons for, and to provide Shareholders with information relating to, the Disposal (the "**Circular**"); and
- (c) the extraordinary general meeting of the Company held on 31 October 2016 ("**Disposal EGM**"), pursuant to which the ordinary resolution to approve the Disposal was duly passed.

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as ascribed to them in the Circular.

## 2. NOVATION OF THE SALE AND PURCHASE AGREEMENT

- 2.1 As disclosed in the Company's announcement dated 14 February 2017 relating to the unaudited financial statements for the second quarter and half year ended 31 December 2016, due to changes to the laws of the PRC relating to the new filing system for foreign-invested enterprises and tightening of foreign exchange administration policies ("**Changes to PRC Laws**"), part of the obligations under the Original SPA, in particular the procedures for the transfer of Sale Shares and the payment of Consideration, could no longer be performed.
- 2.2 Following various rounds of discussions and consultations with the relevant authorities in the PRC, as well as negotiations with the Original Purchaser, the Company and the Original Purchaser have agreed to revise certain terms of the Disposal as described below.
- 2.3 The Original Purchaser has nominated Yangzhou Yangtze Instrumentation Cable Manufacturing Co., Ltd. (扬州扬子仪表电缆制造有限公司) ("**New Purchaser**") (being a company incorporated in Yangzhou and associated with the Original Purchaser) to enter into a novation agreement ("**Novation Agreement**") on 21 April 2017 with the Original Purchaser, the Vendor, the Company and Lion Asiapac Management Consultancy (Shanghai) Co., Ltd ("**LAPS**") pursuant to which the Original Purchaser has designated the New Purchaser to purchase the Sale Shares in place of the Original Purchaser.

- 2.4 Under the terms of the Novation Agreement, the Vendor, the New Purchaser, the Company and LAPS entered into a revised sale and purchase agreement on 21 April 2017 (the "**Revised SPA**") to replace the Original SPA and to address the Changes to PRC Laws so as to enable the transfer of the Sale Shares.
- 2.5 Under the terms of the Revised SPA, the Consideration for the Disposal remains unchanged at RMB100 million (approximately S\$20 million)<sup>1</sup> comprising the following:
- (a) cash consideration of RMB97 million (approximately S\$19.4 million) ("**Cash Consideration**") payable by the New Purchaser to the Vendor; and
  - (b) RMB3 million (approximately S\$0.6 million) payable by the New Purchaser to YLPD to be used by YLPD for the repayment of the Debt owed by YLPD to LAPS ("**Debt Settlement**"), which is the total amount of debt owed by YLPD to LAPS.
- 2.6 Pursuant to the Novation Agreement, the parties have also agreed that the Deposit of RMB5 million (approximately S\$1 million) which was paid by the Original Purchaser and received by LAPS under the Original SPA shall be automatically applied as payment of the deposit of RMB5 million by the New Purchaser to the Vendor under the Revised SPA and the Vendor shall not be required to refund the Deposit to the Original Purchaser.

### 3. SALIENT TERMS OF THE REVISED SPA

The salient terms of the Revised SPA are set out in the paragraphs below.

#### 3.1 Settlement of Consideration

Pursuant to the terms of the Revised SPA, the Consideration shall be satisfied by the New Purchaser in the following manner:

- (a) the deposit of RMB5 million is deemed to have been paid by the New Purchaser to the Vendor on the date of execution of the Revised SPA (being 21 April 2017). Such deposit shall be converted to form payment of part of the Cash Consideration on the Completion Date (as defined below);
- (b) prior to the execution of the Revised SPA, the New Purchaser and LAPS have respectively established a Renminbi-denominated bank account with China Construction Bank, Yangzhou Branch ("**CCB**") (such bank account established by the New Purchaser being the "**New Purchaser's Account**" and such bank account established by LAPS being the "**LAPS' Account**");
- (c) on or after the date of the Revised SPA, the Vendor and the New Purchaser shall provide to each other copies of their respective directors' approval and/or shareholders' approval as required under paragraph 3.2(a) below (including, in the case of the Vendor, the Shareholders' approval of the Disposal obtained during the Disposal EGM);
- (d) within 15 days after execution of the Revised SPA, and subject to approval from the People's Bank of China, the Vendor shall establish a Renminbi-denominated Non-Resident Account with CCB ("**Vendor's NR Account**"). If the Vendor's NR Account cannot be established by the Long-Stop Date (as defined below), the Vendor and the New Purchaser shall each be entitled to immediately terminate the Revised SPA by written notification to the other party in accordance with the terms of the Revised SPA;

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<sup>1</sup> Based on the exchange rate of RMB1.00 : S\$0.20 which is used in this announcement.

- (e) within three (3) business days after the Vendor's NR Account has been established, the Vendor and the New Purchaser shall jointly prepare the documents required for registration of the transfer of the Sale Shares with SAIC and jointly proceed to SAIC for SAIC's preliminary review. After SAIC's preliminary review, the Vendor and the New Purchaser shall jointly seal the documents which have been preliminarily reviewed by SAIC and deposit such documents with a third-party for safe-keeping;
- (f) within three (3) business days after completion of the matters set out in paragraph 3.1(e) above, the New Purchaser shall in accordance with CCB's requirements and accompanied by the Vendor, pre-execute all necessary forms and documents for the transfer of the Cash Consideration from the New Purchaser's Account to the Vendor's NR Account (collectively, the "**Payment Documents**"). After CCB has confirmed that the Payment Documents pre-executed by the New Purchaser are without errors, such Payment Documents shall be kept in the Vendor's custody;
- (g) within seven (7) business days after completion of the matters set out in paragraph 3.1(e) above, the New Purchaser shall remit RMB92 million (approximately S\$18.4 million) (being the balance amount of the Cash Consideration) to LAPS' Account. In addition, the New Purchaser shall remit RMB3 million to YLPD for Debt Settlement;
- (h) within three (3) business days following the satisfaction of the conditions precedent as set out in paragraphs 3.2(a) to 3.2(e) below, the Vendor and the New Purchaser shall jointly apply to SAIC for the registration of the transfer of the Sale Shares and submit to SAIC the documents which have already been preliminarily reviewed by SAIC as set out in paragraph 3.1(e) above. Registration of the transfer of the Sale Shares with SAIC shall be deemed to have been completed once YLPD receives its new business licence reflecting the New Purchaser as the sole shareholder of YLPD;
- (i) within three (3) business days after completion of the registration of the transfer of the Sale Shares with SAIC as referred to in paragraph 3.1(h) above, the Vendor and the New Purchaser shall jointly apply to MOFCOM to file the transfer of the Sale Shares;
- (j) within ten (10) business days after completion of the registration of the transfer of the Sale Shares with SAIC as referred to in paragraph 3.1(h) above, the New Purchaser shall be responsible for obtaining the related tax clearance (or exemption) and shall provide evidence of such clearance (or exemption) to the Vendor immediately after receipt of such evidence;
- (k) within three (3) business days after receipt by the Vendor of the evidence of tax clearance (or exemption) as referred to in paragraph 3.1(j) above, the Vendor and the New Purchaser shall jointly apply to CCB to update the foreign exchange registration to reflect the change of shareholder in YLPD to the New Purchaser. After completion of update of the foreign exchange registration, the Vendor shall procure LAPS to transfer the Cash Consideration received previously by LAPS to the New Purchaser's Account; and
- (l) the Vendor shall submit the Payment Documents pre-executed by the New Purchaser to CCB and on behalf of the New Purchaser, instruct CCB to transfer the Cash Consideration from the New Purchaser's Account to the Vendor's NR Account only on the day LAPS transfers the entire Cash Consideration to the New Purchaser's Account, and the New Purchaser shall provide such assistance as requested by the Vendor.

### 3.2 Conditions Precedent

Pursuant to the terms of the Revised SPA, Completion is conditional upon the fulfilment of the following conditions:

- (a) the Vendor and the New Purchaser having provided to each other their respective directors' resolutions and/or shareholders' resolutions approving the Disposal and the Revised SPA;
- (b) the Vendor having received the deposit from the New Purchaser in accordance with paragraph 3.1(a) above;
- (c) the Vendor's NR Account having been established;
- (d) the Vendor having received the Payment Documents pre-executed by the New Purchaser in accordance with paragraph 3.1(f) above;
- (e) LAPS and YLPD having respectively received the monies paid by the New Purchaser in accordance with paragraph 3.1(g) above; and
- (f) completion of the registration of the transfer of the Sale Shares with SAIC.

If any of the above conditions is not fulfilled by 30 June 2017 or such other date as the parties to the Revised SPA may mutually agree in writing ("**Long-Stop Date**"), the Revised SPA shall be terminated in accordance with the terms of the Revised SPA.

As at the date of this announcement, the condition precedent as set out in paragraph 3.2(b) above has been fulfilled. Subject to the satisfaction of the conditions precedent set out in paragraphs 3.2(a) to 3.2(e) above, the Company and LAPS shall guarantee the performance of the Vendor's responsibilities and obligations under the Revised SPA.

## 4. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

## 5. **DOCUMENTS AVAILABLE FOR INSPECTION**

The Novation Agreement and the Revised SPA are 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, 21 April 2017