



EUROPTRONIC GROUP LTD

(Company Registration Number 200009775K)

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

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED SALE BY EUROPTRONIC GROUP LTD OF ITS ENTIRE EQUITY INTEREST IN EUROPTRONIC (SUZHOU) CO., LTD

1. Introduction

The Board of Directors (the “**Board**”) of Europtronic Group Ltd (the “**Company**”) wishes to announce that the Company together with its subsidiary, Europtronic (Suzhou) Co., Ltd (“**Europtronic Suzhou**”), had on 25 January 2016 entered into a memorandum of understanding (the “**MOU**”) with 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 equity interest in Europtronic Suzhou (the “**Proposed Sale**”).

2. Information on Europtronic (Suzhou) Co., Ltd

As at the date of this announcement, Europtronic Suzhou, a company established in the People’s Republic of China, has a registered capital of US\$10,828,700 of which the Company holds 89.05% of the equity interest of Europtronic Suzhou and the remaining 10.95% equity interest are held collectively by 深圳市誉安达进出口有限公司, 苏州中旺投资管理有限公司 and Accuvest Capital I Limited (the “**Remaining Shareholders**”).

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

Europtronic Suzhou is engaged in the manufacture and distribution of own in-house manufactured metalised film capacitors, plastic film capacitors, ceramic capacitors, tantalum capacitors and various types of chip capacitors.

3. Information on the Purchaser

The Purchaser is a subsidiary of Jianghai Capacitor Co., Ltd (南通江海电容器股份有限公司), a company established in the People’s Republic of China and listed on the ShenZhen Stock Exchange under the stock code 002484.

Further information relating to Jianghai Capacitor Co., Ltd (南通江海电容器股份有限公司) can be found in their website, www.jianghai.com.

4. Salient Terms of the Proposed Sale

4.1 Proposed Sale

Under the MOU, the Purchaser proposes to acquire from the Company and the Remaining Shareholders the entire equity interest held by them, representing 100% of the registered capital of Europtronic Suzhou, but excluding certain assets of Europtronic Suzhou such as the land and factory currently held or owned by Europtronic Suzhou. The assets of Europtronic Suzhou to be excluded from the Proposed Sale (the “**Excluded Assets**”) will be determined upon mutual agreement by the Company and the Purchaser and to be contained in a detailed definitive sale and purchase agreement (the “**Definitive Agreement**”).

The execution of the Definitive Agreement is subject to, among others, the Purchaser being satisfied with the results of its due diligence conducted on Europtronic Suzhou and the Company procuring the Remaining Shareholders to sell their equity interest to the Purchaser.

4.2 Consideration

The consideration for the Proposed Sale will be satisfied in cash and computed based on 1.5 times of the net tangible asset value of Europtronic Suzhou, excluding the Excluded Assets, based on a valuation to be conducted on Europtronic Suzhou.

The independent valuer to be appointed and the method of valuation will be determined based on the mutual agreement of the Purchaser and the Company.

4.3 Deposit

Under the MOU, the Purchaser will pay to the Company, within 60 business days from the date of the MOU, and in three (3) tranches, the aggregate sum of RMB20 million, as deposit for the Proposed Sale (the “**Deposit**”).

The first tranche of the Deposit, amounting to RMB10 million (the “**First Deposit**”), will be paid by the Purchaser to the Company on 26 January 2016, being the business day immediately after the date of the MOU. The remaining two (2) tranches of the Deposit will be paid on such date and based on such amount as agreed between the Company and the Purchaser.

In consideration of, and subject to, the Company receiving the First Deposit from the Purchaser, the Company agreed to pledge 10% of its equity interest in Europtronic Suzhou in favour of the Purchaser (the “**Pledge of 10% Interest**”).

Upon the execution of the Definitive Agreement, the Deposit will be applied towards the payment of the consideration for the Proposed Sale and the Pledge of 10% Interest will be discharged by the Company and the Purchaser.

4.4 Exclusivity

During the period commencing from the date of the MOU to the date of the Definitive Agreement (the said period being not more than six (6) months from the date of the MOU), the Company agreed that, unless prior consent has been obtained from the Purchaser, it shall not enter into, initiate or engage in discussions or negotiations with third parties relating to the sale of equity interests of, or assets of, Europtronic Suzhou.

4.5 Execution of Definitive Agreement and Completion

The Company, Europtronic Suzhou and the Purchaser agreed that, upon the Company receiving the First Deposit from the Purchaser, the Purchaser's advisors, as appointed by the Purchaser and agreed upon by the Company, shall proceed to conduct due diligence on Europtronic Suzhou.

The Purchaser shall inform the Company and Europtronic Suzhou as soon as possible and in any event, within four (4) months from the date of the MOU, as to whether it is satisfied with the results of its due diligence conducted on Europtronic Suzhou and whether it is proceeding with the Proposed Sale.

Subject to the Purchaser being satisfied with the results of its due diligence conducted on Europtronic Suzhou, the Purchaser, the Company and Europtronic Suzhou agreed that they shall negotiate in good faith with a view towards the signing of the Definitive Agreement within four (4) months from the date of the MOU.

The Proposed Sale may be subject to conditions precedent to be determined by the Company, Europtronic Suzhou and the Purchaser and will be contained in the Definitive Agreement.

Completion of the Proposed Sale shall take place within six (6) months from the date of the MOU.

4.6 Key employees of Europtronic Suzhou

Under the MOU, the Purchaser agreed that, during its due diligence exercise, it will identify the key employees of Europtronic Suzhou who will (i) continue their employment with Europtronic Suzhou following the Proposed Sale and (ii) be entitled to equity interest representing in aggregate 20% to 30% of the registered capital of Europtronic Suzhou. The identification of the key employees of Europtronic Suzhou and the manner of distribution of such equity interest to these key employees of Europtronic Suzhou shall be determined prior to the execution of the Definitive Agreement.

4.7 Refund of Deposit

The Company and the Purchaser agreed that the Deposit shall be refunded to the Purchaser in the event that the Purchaser is, in its reasonable opinion, not satisfied with the results of the due diligence conducted on Europtronic Suzhou or due to any reason attributable to the Purchaser that resulted in a termination of the Proposed Sale. The Company shall refund the Deposit to the Purchaser within 120 days from the date of such notification by the Purchaser. Upon the refund of such Deposit to the Purchaser, the Company and the Purchaser shall discharge the Pledge of 10% Interest as soon as practicable. If the Purchaser breaches any terms of the MOU, the Company is entitled to deduct such amount from the Deposit and to refund the remaining to the Purchaser.

If the Company and/or Europtronic Suzhou breaches any terms of the MOU, the Deposit shall be refunded to the Purchaser and any delay in refunding the Deposit to the Purchaser shall attract an interest of 0.5% per day. Upon the refund of such Deposit to the Purchaser, the Company and the Purchaser shall discharge the Pledge of 10% Interest as soon as practicable.

5. Rationale for the Proposed Sale

The Proposed Sale is to raise funds for the corporate expenses of the Company and its subsidiaries as well as to repay the loans.

6. Further Announcements

The Company will make an announcement disclosing further details of the Proposed Sale upon execution of the Definitive Agreement and will make appropriate update announcement(s) on the Proposed Sale at the relevant time.

7. Miscellaneous

The Board wishes to emphasize that the Proposed Sale is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Company and the Purchaser will in due course enter into the Definitive Agreement as contemplated under the MOU.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

8. Interests of Directors and Controlling Shareholders

As at the date of this announcement, save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Sale.

By Order of the Board
Eurotronic Group Ltd

HUANG SHIH-AN
Non-Executive Chairman
25 January 2016