

FINANCIAL REVIEW

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HD LionHub seeks \$12m for China technology park
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A Chinese-Singaporean property development group wants to raise \$12 million through a local listing this month to kick-start its ambitious plans to build an \$850 million technology park in regional China.

LionHub Group will be the ASX-listed parent company of Lian Huat, an entity incorporated in Singapore.

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Lian Huat's sole asset is its contractual rights for the construction and development of a proposed technology park in China's Anhui province.

A back-door listing is being pursued through Arasor International, a television component manufacturer that went into administration and was delisted in 2006. Arasor has since been stripped of all assets and liabilities, with new directors installed.

The group raised \$1 million in debt and private equity over the past year to finance the legal costs of relisting.

At a general shareholder meeting last week, it was agreed that, subject to raising \$7 million in new shareholder equity, the shell company would be relisted as a property developer trading under the name LionHub.

Draft plans for the technology park have an "architectural history of the world" theme.

One part of the park would feature buildings in the style of Cambridge, alongside a canal replica of London's River Thames, while another would be styled as a mini-Venice, said Goldspark Investments director Andrew Rowell, who is acting as lead corporate adviser on the deal as a representative of Otsana Capital. Risk of share dilution

Initial estimates put the final cost of the development, which, in addition to the business precinct, would include retail, restaurants and residential apartments, at \$850 million.

Most of the \$7 million to \$12 million sought through the Australian Securities Exchange listing is earmarked to start building the initial roads and infrastructure at the site.

A gap of more than \$838 million between the initial raising and the final cost presents a significant risk to investors that the value of their shares will be diluted or irredeemable. The strategy is to market the proposed "Singapore Xuancheng Technology Park" to Australian and Singaporean businesses wanting to establish a base in China.

The company is hopeful that selling lots off the plan will reduce the amount of additional debt and equity it needs to raise to bring the project to fruition.

One of the poorest regions in eastern **China**, the Anhui province, is still a largely rural area renowned for its traditional calligraphy and paper-making cottage industries. In 1996, an 80-square-kilometre parcel of land in Anhui was nominated as a super economic zone. So far, about 17 square kilometres have been developed. The Lian Huat development will cover 2.2 square kilometres within the special zone.

It is hoped that development of the first 1.5 square kilometres will be completed and occupied within two years. Not another 'ghost town'

While **China** has undergone the biggest construction boom in the history of the world over the past decade, it is now a stated priority of the government to slow growth in the construction industry and steer investment towards domestic consumption.

But LionHub's supporters argue the Singapore Xuancheng Technology Park project is not at any serious risk of being left unfinished or unoccupied.

"This development is not like the ghost towns of empty apartment blocks in **China** we see on the television. It is a whole package of residential, commercial, industrial, entertainment and warehousing facilities which makes for a vibrant economic zone," LionHub deputy chairman Geoffrey McIntyre said.

A retired senior Australian banking executive, he was recruited to the board in November. Mr McIntyre is a former honorary Australian trade representative to Singapore and is the recipient of national honours from both countries for his services to building trade links through his work in the finance sector.

In his former role as head of the Overseas Union Bank, Mr McIntyre was a banker to the parents of the current owner of LionHub's **Chinese** parent **company**. He has a long-standing relationship with the Singaporean-**Chinese** family who have made many property development investments in **China**, Australia and Singapore. The family's business interests include a major business park in the **Chinese** steel-making port of Tianjin.

On offer are up to 35 **million** shares priced at 20¢ each to raise a maximum of \$12 **million**. A minimum of \$7 **million** must be raised for the float to proceed. The offer opened on May 1 and closes on May 22. Normal trading is due to start on May 30.

CO arinna : Lionhub Group Ltd.

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