

# SINJIA LAND LIMITED

(Incorporated in Singapore on 26 February 2004)

(Company Registration Number 200402180C)

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- (I) THE PROPOSED ACQUISITION OF 240,000 ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF G4 STATION PTE. LTD.; AND
  - (II) THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE PROPERTY DEVELOPMENT, PROPERTY INVESTMENT AND PROPERTY MANAGEMENT.
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## 1. INTRODUCTION

The board of directors (the “**Board**”) of Sinjia Land Limited (formerly known as HLN Technologies Limited) (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcements dated 28 December 2015 and 4 April 2016 in relation to the proposed acquisition of shares in G4 Station Pte. Ltd. (the “**Target**”).

The Board wishes to announce that the Company has entered into a new sale and purchase agreement dated 5 July 2016 (the “**New SPA**”) with Mr. Tan Sze Seng (the “**Vendor**”) to acquire 240,000 ordinary shares (the “**G4 Shares**”) representing 80% of the issued and paid-up share capital of the Target, for the consideration of S\$664,000 (the “**Consideration**”), on the terms and subject to the conditions of the New SPA (the “**Proposed Acquisition**”).

The Company will be seeking specific approval from the shareholders of the Company (the “**Shareholders**”) for the Proposed Acquisition, the allotment and issuance of the Consideration Shares (as defined below) and the Proposed Diversification (as defined below) at an extraordinary general meeting of the Company (the “**EGM**”) to be convened. Please refer to paragraph 4 of this announcement for details of the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”).

## 2. INFORMATION ON THE PROPOSED ACQUISITION

*The information on the Target and the Vendor was provided by the Vendor. In respect of such information, the Company and the directors of the Company (“**Directors**”) have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

### 2.1 Information on the Target and the Vendor

The Target is a Singapore-incorporated company involved in the business of, among other things, managing hostels. It has an established track record in the economy class hotel management industry, having been in operation since 2009, with an experienced management team. The Target has obtained all necessary licenses under the Hotels Act (Cap. 127) of Singapore (the “**Hotels Act**”) for its current operations.

As at the date of this announcement, the Target manages G4 Station Backpackers Hostel (the “**Hostel**”), which is located in Singapore and has a total of 23 rooms and 89 beds. Based

on the unaudited financial statements of the Target as at 31 March 2016, the net asset value attributable to the G4 Shares is S\$89,423.17.

The Vendor has many years of experience in property management. He is currently a director of the Target and validly licenced to manage the Hostel under the Hotels Act. The Vendor will continue to be involved in the management of the Hostel after completion of the Proposed Acquisition (the “**Completion**”).

## 2.2 Summary of Financial Information of the Target

### (a) Summary of Audited Income Statement

A summary of the Target's audited income statement for the financial years ended 31 March 2014 and 31 March 2015 and unaudited income statement for the financial year ended 31 March 2016 are set out below:

	Financial year ended 31 March 2014 (S\$)	Financial year ended 31 March 2015 (S\$)	Financial year ended 31 March 2016 (S\$)
Revenue	524,124	466,508	496,103
Costs of Sales	(54,433)	(59,023)	39,179
Gross Profit	469,691	407,485	456,924
Other Operating Income	64,954	72,896	9,044
Expenses	(639,000)	(592,819)	(667,300)
(Loss)/Profit before tax	(104,355)	(112,438)	(201,332)
(Loss)/Profit after tax	(104,355)	(112,438)	(201,332)

### (b) Summary of Audited Balance Sheet

A summary of the Target's unaudited balance sheet as at 31 March 2016 is set out below:

	As at 31 March 2016 (S\$)
Fixed Assets	2,144
Current Assets	110,329
Non-current Liabilities	-
Current Liabilities	23,050
Net Assets	89,423

## 2.3 Rationale for and benefits of the Proposed Acquisition

Having considered the terms of the Proposed Acquisition, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company and the Shareholders for the following reasons:

- (a) the Target's business is asset light and will provide an effective contrast to the Group's more capital intensive engineering and manufacturing business, resulting in the diversification of the Group's income streams and risk exposure; and

- (b) the Company will be able to leverage on the Target's economy class hotel management experience and licences to expand into the economy class hotel management business, which is in line with the Company's intention to diversify the Group's business to include the Proposed Property Business (as defined below), subject to Shareholders' approval.

Please refer to paragraph 5 of this announcement for information on the Proposed Property Business (as defined below).

## 2.4 Principal Terms of the Proposed Acquisition

### (a) Consideration

The Consideration shall be satisfied in full as follows:

- (i) S\$132,800 shall be satisfied by the allotment and issuance of 1,412,765 new ordinary shares (the "**Consideration Shares**") in the share capital of the Purchaser to the Vendor, at a price of S\$0.094 per Consideration Share; and
- (ii) subject to the Consideration Adjustment (as defined below), the balance of the Consideration shall be paid by the Purchaser to the Vendor by way of cashier's order or banker's draft, or in such manner as the parties may agree in writing, on the date of completion of the New SPA (the "**Completion Date**").

The issue price of S\$0.094 per Consideration Share represents a 34.29% premium to the volume-weighted average price of the shares transacted in the share capital of the Company ("**Shares**") on 4 July 2016, being the last Market Day<sup>1</sup> (on which trades were carried out) preceding the date of the New SPA.

The Consideration shall be subject to adjustment on the Completion Date (the "**Consideration Adjustment**") based on the unaudited balance sheet of the Target (which shall be prepared by the Vendor in accordance with prevailing accounting standards in Singapore) one (1) business day before the Completion Date (the "**Completion Balance Sheet**") as follows:

- (i) if the value of the total assets as reflected in the Completion Balance Sheet (the "**Total Assets**") exceeds the value of total liabilities as reflected in the Completion Balance Sheet (the "**Total Liabilities**"), the Consideration shall be increased by an amount equal to such excess of the Total Assets over the Total Liabilities; and
- (ii) if the Total Assets is less than the Total Liabilities, the Consideration shall be reduced by an amount equal to such deficit of the Total Assets below the Total Liabilities and if such deficit exceeds the Consideration, the New SPA shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party for costs, damages, compensations or otherwise by reason of such termination, without prejudice to any claim by any party arising from an antecedent breach by the other party of the terms the New SPA.

The Consideration was arrived at on a willing-buyer and willing-seller basis, and the Board took into consideration the track record, branding, goodwill, licencing and potential of the

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<sup>1</sup> "**Market Day**" means a day on which the SGX-ST is open for trading in securities.

Target and the initial investment of S\$800,000 to establish the Target. There is no open market value for the G4 Shares as the shares of the Target are not publicly traded. The Company also took into account a business valuation report of the Target dated 12 February 2016 by ATS Advisory Services (the “**Valuation Report**”). The Valuation Report was commissioned by the Company and concludes that the Consideration is fair and reasonable at the current market conditions.

The Consideration Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares.

(b) Conditions Precedent

Completion is conditional upon, among other things, the following conditions (the “**Conditions**”) being fulfilled on or before 5 July 2017 (the “**Long-Stop Date**”), unless otherwise waived in writing by the Company:

- (i) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist Board of the SGX-ST (“**Catalist**”), and such listing and quotation notice not being revoked, rescinded or cancelled;
- (ii) no Material Adverse Change (as defined in the New SPA) having occurred between 31 March 2015, being the relevant accounts date, and the date of Completion; and
- (iii) the approval of the Shareholders being obtained at the EGM for the Proposed Acquisition, the allotment and issuance of the Consideration Shares and the Proposed Diversification (as defined below).

If any of the Conditions set out above are not fulfilled or waived, as the case may be, by the Company by the Long-Stop Date, the New SPA shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party for costs, damages, compensations or otherwise by reason of such termination, without prejudice to any claim arising from an antecedent breach of the terms of the New SPA.

The Company will be making an application to the SGX-ST through its sponsor, Stamford Corporate Services Pte Ltd (the “**Sponsor**”) for the permission to deal in and for the listing and quotation of the Consideration Shares on Catalist. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the Consideration Shares on Catalist will be made in due course.

### 3. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

#### 3.1 **Bases and assumptions**

The financial effects of the Proposed Acquisition on (i) the consolidated net tangible assets (“**NTA**”) per Share; and (ii) the consolidated earnings per Share (“**EPS**”) of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 (“**FY2015**”) and the audited financial statements of the Target for the financial year ended 31 March 2015. The *pro forma* financial effects of the Proposed Acquisition are for illustrative purposes only and do not reflect the actual financial

effects or the future financial performance and condition of the Group after the Proposed Acquisition.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the NTA per Share of the Group are computed assuming that the Proposed Acquisition had taken place on 31 December 2015;
- (b) the financial effects of the Proposed Acquisition on the EPS of the Group are computed assuming that the Proposed Acquisition had been completed on 1 January 2015; and
- (c) the expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects.

### 3.2 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to the equity holders of the Group (S\$)	21,380,950	21,352,684
Number of Shares	140,659,920	142,072,685
NTA per Share (cents)	15.20	15.03

### 3.3 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Group profits after tax (S\$)	(2,534,494)	(2,695,560)
Weighted average number of Shares	140,659,920	142,072,685
EPS (cents)	(1.80)	(1.90)

## 4. RELATIVE FIGURES CALCULATED UNDER RULE 1006

Based on the latest announced audited consolidated financial statements of the Group for FY2015, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are calculated as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	N.A. <sup>(1)</sup>
(b)	The net profits <sup>(2)</sup> attributable to the G4 Shares, compared with Group's net profits <sup>(2)</sup>	17.14 <sup>(3)</sup>
(c)	The Consideration compared with the Company's	6.74

market capitalisation of approximately S\$9,846,194<sup>(4)</sup>

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|-----|--|---------------------|
| (d) | The number of Consideration Shares issued by the Company, compared with the number of Shares (excluding treasury shares) previously in issue | 0.91                |
| (e) | The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves                | N.A. <sup>(5)</sup> |

**Notes:**

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) The relevant figure was calculated based on the Group's audited net loss of approximately S\$1,174,716 for FY2015 and the Target's unaudited net loss of approximately S\$201,332 for the financial year ended 31 March 2016 that is attributable to the G4 Shares.
- (4) The market capitalisation of the Company was determined by multiplying the number of total issued Shares, being 140,659,920 Shares (excluding treasury shares) by S\$0.070 (being the volume-weighted average traded price of such Shares transacted on 4 July 2016, being the last Market Day (on which trades were carried out) preceding the date of the SPA) (Source: www.shareinvestor.com).
- (5) This is not applicable as the Company is not a mineral, oil and gas company.

The Board notes that the relative figure under Rule 1006(b) of the Catalist Rules was calculated based on the net losses attributable to the G4 Shares proposed to be acquired and the Group's net losses. Under Rule 1007(1) of the Catalist Rules, where any of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules is a negative figure, Chapter 10 may still be applicable to the transaction at the discretion of the SGX-ST. The Sponsor has not sought a ruling by the SGX-ST in this regard and the Company will be obtaining Shareholders' approval for the Proposed Acquisition at the EGM.

## **5. THE PROPOSED DIVERSIFICATION**

### **5.1 The Proposed Property Business**

The existing businesses of the Group comprises the business of (i) engineering, manufacturing and sale of customised precision elastomeric and polymeric components to various industries, and (ii) developing and installing fuel cells and other clean energy systems for the generation and sale of electricity.

Subject to Shareholders' approval at the EGM, the Board proposes to diversify the core business of the Group to include property development, property investment and property management (the "**Proposed Property Business**") as described below, as and when suitable opportunities arise:

- (a) property development activities including acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including but not limited to mixed development properties) ("**Property Related Assets**");

- (b) holding of Property Related Assets as long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities; and
  - (c) the management of Property Related Assets,
- (the “**Proposed Diversification**”).

The Group may also, as part of the Proposed Property Business, invest in or acquire or dispose of shares or interests in any entity that is in the Proposed Property Business.

The Company does not plan to restrict the Proposed Property Business to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed Property Business as and when the opportunity arises.

The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the property market, taking into account the opportunities available.

## **5.2 Rationale for the Proposed Property Business**

### (a) Enhancing Shareholders’ value

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. The Directors believe that the Proposed Diversification will reduce the Group’s reliance on its existing business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders’ value for the Company.

### (b) Reduction of administrative time and expenses

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds (i) for an acquisition, 75% but less than 100%, or (ii) for a disposal, 50% (“**Major Transaction**”). A Major Transaction must be made conditional upon approval by Shareholders. For further details of Rules 1006 and 1014, please refer to the Catalist Rules.

A Major Transaction does not include an acquisition or disposal which is in, or in connection with, the ordinary course of an issuer’s business or of a revenue nature. In addition, pursuant to Practice Note 10A of the Catalist Rules, save where the acquisition changes the risk profile of the issuer, shareholders’ approval is not required for a Major Transaction if the acquisition will result in an expansion of an issuer’s existing core business. Practice Note 10A of the Catalist Rules further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders’ approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders’ approval.

Upon approval by the Shareholders of the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the Proposed Property Business that will not change the Group's risk profile, without having to seek Shareholders' approval, notwithstanding that any relative figure(s) under Rule 1006 of the Catalist Rules exceeds 75%. This will substantially reduce the administrative time and expenses in convening separate general meetings to seek Shareholders' approval and consequently, facilitate the Group's pursuit of its corporate objectives and increase the Group's responsiveness to business opportunities that avail to the Group.

For the avoidance of doubt, notwithstanding approval by the Shareholders of the Proposed Diversification, in respect of any transaction:

- (i) which falls within the definition of Rule 1002(1) of the Catalist Rules, Rules 1010, 1013 and 1014 of the Catalist Rules will still apply to such transaction;
- (ii) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or will result in a change in control of the issuer, Chapter 10 of the Catalist Rules (including Rule 1015) will continue to apply to such transaction, and such transaction must, among other things, be made conditional upon the approval of shareholders;
- (iii) which constitutes an interested person transaction (as defined under the Catalist Rules), Chapter 9 of the Catalist Rules will continue to apply to such transaction; or
- (iv) which changes the risk profile of the Company, in light of Practice Note 10A of the Catalist Rules, such transaction may still be subject to Shareholders' approval.

### **5.3 Shareholders' Approval**

As the Proposed Diversification will result in an expansion of the Group's business to new business sector(s) and may also result in an expansion to new geographical market(s), it is envisaged that the Proposed Diversification will change the Group's risk profile. Accordingly, the Directors propose to seek Shareholders' approval for the Proposed Diversification at the EGM. The EGM will allow Shareholders the opportunity to communicate their views on the Proposed Property Business, and consider, if thought fit, to approve the Proposed Diversification.

## **6. CIRCULAR TO SHAREHOLDERS**

A circular containing further details of the Proposed Acquisition and the Proposed Diversification, together with a notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

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

None of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Acquisition or the Proposed Diversification, other than through their respective shareholdings in the Company.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**



Copies of the New SPA and the Valuation Report will be made available for inspection by Shareholders during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 229 Mountbatten Road, #03-31/32 Mountbatten Square, Singapore 398007, for a period of three (3) months from the date of this announcement.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for the information on the Target and the Vendor in paragraphs 2.1 and 2.2 of 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 Proposed Acquisition and the Proposed Diversification, 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 (save for the information on the Target and the Vendor in paragraphs 2.1 and 2.2 of 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.

## 10. TRADING CAUTION

**Shareholders are advised to exercise caution in trading their Shares as the Proposed Acquisition and Proposed Diversification are subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition or Proposed Diversification will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition or Proposed Diversification. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

By Order of the Board  
**SINJIA LAND LIMITED**

Cheong Weixiong  
Group Chief Executive Officer

5 July 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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