

SINJIA LAND LIMITED
(Incorporated in the Singapore on 26 February 2004)
(Company Registration No. 200402180C)

SETTLEMENT OF CONVERTIBLE LOAN NOTE ISSUED BY BARONS VISTA LLC

1 Introduction

- 1.1 The board of directors (“**Board**” or “**Directors**”) of Sinjia Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 8 July 2014, 16 July 2014 and 19 July 2016 (“**Previous Announcements**”) in relation to (i) the convertible loan agreement entered into between the Company, Barons Vista LLC (“**Barons Vista**”), Property Barons Pte. Ltd. (“**Property Barons**”) and Lim Beng Siang (“**Danny Lim**”) (Barons Vista, Property Barons and Danny Lim shall be collectively known as the “**Initial Borrowers**”) on 8 July 2014 (“**Convertible Loan Agreement**”); and (ii) the supplemental deed to the Convertible Loan Agreement (“**Supplemental Deed**”) entered into between the Company, the Initial Borrowers, Barons Lodge LLC (“**Barons Lodge**”) and Barons Capital Pte. Ltd. (“**Barons Capital**”) on 18 July 2016.
- 1.2 Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Previous Announcements.

2 Background

- 2.1 Pursuant to the Convertible Loan Agreement, the Company subscribed for, and Barons Vista issued to the Company, the Convertible Loan Note in the principal amount of S\$2.0 million. The Convertible Loan Note is secured by (a) a mortgage over the Land (being a 125-acre site in Dickinson, Stark County, North Dakota, the United States of America) granted by Barons Vista in favour of the Company (“**Existing Mortgage**”); and (b) a guarantee provided by each of Danny Lim and Property Barons.
- 2.2 The Convertible Loan Note matured on 8 July 2015 and as at the date of this announcement, Barons Vista has not redeemed the Convertible Loan Note. As at 16 June 2017, the aggregate amount outstanding for the Convertible Loan Note, including interest accrued, is approximately S\$1.72 million.
- 2.3 Pursuant to the Supplemental Deed, in addition to the Existing Mortgage, Barons Lodge further executed a mortgage deed over Barons Lodge Killdeer Land and Barons Lodge Killdeer Hotel (the hotel on the Barons Lodge Killdeer Land, and together with the Barons Lodge Killdeer Land, the “**Lodge Property**”), both owned by Barons Lodge, in favour of the Company to secure the payment of the unpaid amount of the Convertible Loan Note and its accrued interest under the Convertible Loan Agreement (“**Further Mortgage**”). Please refer to the announcement dated 19 July 2016 for more details on the principal terms of the Supplemental Deed.

3 Foreclosure and Settlement

- 3.1 Further to the Previous Announcements, the Board wishes to update that as Barons Vista had defaulted in making payments due to the Company pursuant to the Convertible Loan Agreement, the Company had commenced foreclosure action in early 2017 against (i) Barons Vista in Stark County, North Dakota District Court, pursuant to the Existing Mortgage; and (ii) Barons Lodge in Dunn County, North Dakota District Court pursuant to the Further Mortgage (collectively, the “**Foreclosure Actions**”).
- 3.2 Consequently, Barons Vista and Barons Lodge (“**Borrowers**”) offered to the Company, and the Company agreed to accept (i) a conveyance of an approximately 31.07 acre parcel of land to be subdivided from the Land (“**Vista Property**”); and (ii) a conveyance of the Lodge Property, in lieu of the Foreclosure Actions (collectively, “**Proposed Settlement**”).
- 3.3 The Company and the Borrowers had, on 11 April 2017, entered into a deed in lieu of foreclosure agreement (“**DIL Agreement**”). Pursuant to the terms of the DIL Agreement, the Borrowers had agreed to transfer and assign to the Company all of their respective right, title, interest in and to title to the Vista Property and the Lodge Property, together with, among others, all personal property owned by the Barons Vista and Barons Lodge, and located on the Vista Property and the Lodge Property, leases, contracts, licences and permits, rents, deposits and accounts in connection with the Vista Property and the Lodge Property.
- 3.4 The Proposed Settlement is expected to have positive impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2017.

4 Principal Terms of the Proposed Settlement

4.1 Release of Borrowers

In consideration for the Proposed Settlement, the Company shall execute and deliver a release of the obligations of the Borrowers in relation to the Vista Property and the Lodge Property and the loan documents (comprising the Convertible Loan Agreement, the Convertible Loan Note, the Supplemental Deed, the Existing Mortgage and the Further Mortgage).

4.2 Closing

Under the terms of the DIL Agreement, the closing (“**Closing**”) of the transactions is contingent on the satisfaction of, amongst others, the following:

- (a) the issuance of an American Land Title Association (“**ALTA**”) owner’s title insurance policy from the North Dakota Guaranty and Title Company acceptable to the Company at Closing;
- (b) appraisal of the Vista Property and the Lodge Property acceptable to the Company in its sole satisfaction;
- (c) the Company’s inspection of the Vista Property and the Lodge Property and determination that the properties, including without limitation all components thereof and systems therein, are acceptable to the Company in its sole satisfaction;

- (d) the Company obtaining any environmental assessments (including without limitation a Phase I Environmental Site Assessment and other environmental tests, studies and assessments deemed necessary and appropriate to the Company, the results of which must be acceptable to the Company in its sole satisfaction;
- (e) completion of an ALTA survey and the legal subdivision of the Vista Property from the Land; and
- (f) the Company and the Borrowers entering into a written management agreement ("**Management Agreement**") with respect to the management of the Lodge Property.

All of the contingencies set out in paragraph (a) to (f) in respect of the Lodge Property above have been fulfilled and/or waived by the Company.

4.3 Option to Purchase

Pursuant to the DIL Agreement, the Company and the Borrowers have agreed that for a period of six (6) months from and after the conveyance of the Lodge Property to the Company ("**Option Period**"), Barons Lodge shall be entitled to an option ("**Option**") to purchase the Lodge Property from the Company for a purchase price of S\$2.0 million ("**Option Purchase Price**"). The Option terminates upon the expiration of the Option Period without an exercise of the Option by Barons Lodge, or if Barons Lodge exercises the Option by failing to tender the Option Purchase Price within 20 days following the exercise of the Option.

5 Completion of the Conveyance of the Lodge Property and the Vista Property

The conveyance of the Lodge Property was completed on 13 June 2017, and the conveyance of the Vista Property is expected to be undertaken prior to the end of 2017 as the Vista Property has to be subdivided from the Land prior to the conveyance.

6 Ordinary Course of Business

Pursuant to the extraordinary general meeting of the Company held on 23 September 2016, approval was granted by shareholders of the Company to undertake the diversification of the business of the Group to include property development, property investment and property management. Accordingly, the Proposed Settlement, which will result in the Company being granted right and title to and interest in the Vista Property and the Lodge Property, would be within the ordinary course of business of the Group.

7 Interests of Directors and Controlling Shareholders

None of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the controlling shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Foreclosure Actions, the Proposed Settlement and the Management Agreement (other than arising from their shareholdings in the Company, if any).

8 Documents Available for Inspection

A copy of the instrument of transfer executed on 5 May 2017 by Barons Lodge for the transfer of the Lodge Property, the DIL Agreement, the Management Agreement, the Supplemental Deed and the Convertible Loan Agreement will be available for inspection during normal business hours from 9 a.m. to 5 p.m at the Company's registered office at 16 Kallang Place, #01-16, Singapore 339156 for a period of three (3) months from the date of this announcement.

By Order of the Board

Cheong Weixiong
Executive Director and Group Chief Executive Officer
16 June 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. 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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte Ltd at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.