

SINJIA LAND LIMITED

(Incorporated in the Republic of Singapore on 26 February 2004)
(Company Registration No. 200402180C)

- (1) **DISPOSAL OF INTEREST IN ASSOCIATED COMPANY**
 - (2) **PURCHASE OF THE SHOP-OFFICES (AS DEFINED HEREIN)**
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1 INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Sinjia Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has, on 05 November 2018, entered into a share sale agreement (the “**SSA**”) with Ace Empire Development Sdn. Bhd. (the “**Purchaser**”), whereby the Company has agreed to sell, and the Purchaser has agreed to purchase, 150,000 ordinary shares (the “**Sale Shares**”) in Ace Empire Capital Sdn. Bhd. (the “**Target**”) for an aggregate consideration of MYR150,000 (approximately S\$50,000 based on the Illustrative Exchange Rate¹) (the “**Disposal Consideration**”), upon the terms and subject to the conditions of the SSA (the “**Disposal**”). As at the date of the SSA, the Target is a 30% associated company of the Company and a 70% subsidiary of the Purchaser. Following completion of the Disposal, the Company will cease to have any interest in the Target and the Target will cease to be an associated company of the Company.

On 05 November 2018, the Company entered into a supplemental agreement (the “**Supplemental SSA**”) with the Purchaser pursuant to which the Purchaser has agreed to repay, on behalf of the Target, a non-interest bearing shareholder’s loan of MYR2,400,000 (“**Shareholder’s Loan**”) to the Company, upon the terms and subject to the conditions of the Supplemental SSA.

This announcement in respect of the Disposal is made pursuant to Rule 704(17)(c) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). The Disposal is considered a “non-discloseable transaction” under Rule 1008 of the Catalist Rules as the relative figures of the Disposal computed under Rule 1006 of the Catalist Rules do not exceed 5%.

2 THE DISPOSAL

2.1 Information on the Target

The Target is a private company limited by shares incorporated in Malaysia and has an issued and paid-up share capital of MYR500,000 comprising 500,000 ordinary shares. The Company had subscribed for 150,000 shares in the Target at an aggregate subscription price of MYR150,000 (“**Initial Investment**”) on 29 January 2013.

The Target has been loss making for the past financial years ended 31 December (“**FY**”) 2013 to FY2017. Since FY2014, the Group has not recognised its share of losses of the Target as an associated company, as the Group’s cumulative share of losses had exceeded its interest in the Target and the Group has no obligation in respect of those losses. In FY2014, the Company made a full impairment on the value of the Initial Investment (“**Impairment**”). In FY2015, in line with the restructuring exercise of the Group, the Company had decided to

¹ For the purposes of this announcement, the “**Illustrative Exchange Rate**” refers to the approximate exchange rate of MYR1 : SGD0.3309 as at 02 November 2018. The Illustrative Exchange Rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

dispose of its investment in the Target and reclassified its investment in the associated company (being the Target) of approximately S\$60,000 to “disposal group classified as held-for-sale”.

The Shareholder’s Loan was extended by the Company to the Target on 29 January 2013 for the Target’s proposed development of two (2) plots of land with an estimated aggregate size of 70,000 square feet in Batu Pahat, Malaysia into a mixed development of 21 storeys (comprising of retail and residential units) (the “**Ace Development Project**”). The Ace Development Project had been halted since 2014. The Shareholder’s Loan remains an outstanding receivable from the associated company in the accounts of the Company.

2.2 Consideration of the Disposal

The Disposal Consideration was arrived at after arm’s length negotiations on a willing-buyer and willing-seller basis, based on the book value of the Initial Investment. The Disposal Consideration and the repayment of the Shareholder’s Loan, of an aggregate sum of MYR2,550,000, shall be fully satisfied by the Purchaser in cash, by way of the Purchaser’s payment on behalf of the Group to Liangsiang Development Sdn. Bhd. (“**Liangsiang Development**”) pursuant to the Property Purchase (as defined herein). Please refer to the paragraph below relating to the Property Purchase for further information. Upon the satisfaction of the Disposal Consideration and the repayment of the Shareholder’s Loan, the purchase consideration in respect of the Sale Shares shall be deemed fully repaid and settled.

On 05 November 2018, the Company had, through its wholly-owned subsidiary, Sinjia Properties Sdn Bhd (“**Sinjia Properties**”), entered into two sale and purchase agreements (collectively, the “**Shop-Offices SPAs**”) with Liangsiang Development for the acquisition of Plot 8 @ Empire Square (as defined herein) and Plot 9 @ Empire Square (as defined herein) (collectively, the “**Shop-Offices**”), upon the terms and subject to the conditions of the Shop-Offices SPAs (the “**Property Purchase**”). The purchase consideration of the Property Purchase amounted to an aggregate sum of MYR2,700,000, and shall be satisfied in cash to Liangsiang Development by (a) the Purchaser (for and on behalf of Sinjia Properties) from the Disposal Consideration and the refund of the Shareholder’s Loan; and (b) the balance from the Group internal resources.

The Property Purchase is carried out in the ordinary course of the Group’s property investment and management business, and the Board confirms that it does not change the risk profile of the Company.

2.3 Other salient terms of the Supplemental SSA

Pursuant to the Supplemental SSA, the Company and the Purchaser agreed that the commission arising out of the sale of service apartments in the Ace Development Project outside of Malaysia undertaken by the Company amounting to approximately MYR88,200 owing by the Purchaser to the Company (“**Commission Payable**”) shall be written off by the Company in consideration of the Purchaser entering into the SSA and the Supplemental SSA, and that the Company shall waive its rights to any and all claims whatsoever against the Purchaser with respect of the said commission after the completion of the Disposal. The Commission Payable had been written off in the accounts of the Company by the Company in prior years.

2.4 Rationale for the Disposal

The Board considers that the Disposal is in the best interest of the Company and the shareholders of the Company (the “**Shareholders**”) as the Group does not have control over

the operations of the Target and the Board considers the Disposal as an opportunity for the Group to recover the Initial Investment as well as the Shareholder's Loan.

2.5 Relative figures under Rule 1006 of the Catalyst Rules

Based on the latest unaudited consolidated financial statements of the Group for the six-month financial period ended 30 June 2018 ("1H2018"), the relative figures for the Disposal as computed on the bases set out in Rule 1006 of the Catalyst Rules is less than 5%. Accordingly, the Disposal constitutes a "non-discloseable transaction" under Chapter 10 of the Catalyst Rules.

2.6 Financial information

(a) Value attributable to the Target

(i) Book value and net tangible assets ("NTA")

Based on the unaudited consolidated financial statements of the Group for 1H2018, there is no book value or NTA attributable to the Target and the Sale Shares as at 30 June 2018 in view of the Impairment.

(ii) Latest available open market value

The open market value of the Sale Shares is not available as the shares of the Target are not publicly traded. No valuation of the Sale Shares was commissioned.

(b) Net profits/(loss) attributable to the Sale Shares and amount of any gain or loss on the Disposal

(i) Net profits/(loss) attributable to the Sale Shares

Based on the unaudited consolidated financial statements of the Group for 1H2018, there is no net profit or loss attributable to the Sale Shares for 1H2018. As set out in paragraph 2.1 of this announcement, since FY2014, the Group has not recognised its share of losses of the Target as an associated company, as the Group's cumulative share of losses had exceeded its interest in the Target and the Group has no obligation in respect of those losses.

(ii) Excess or deficit of proceeds over book value and amount of any gain or loss on the Disposal

As the value of the Initial Investment had been fully impaired by the Company in FY2014, the Disposal will result in a gain on disposal of MYR150,000 (equivalent to approximately S\$50,000 based on the Illustrative Exchange Rate).

2.7 Financial effects of the Disposal

The Disposal is not expected to have any material impact on the NTA per share or earnings per share of the Group for FY2018.

3 THE PROPERTY PURCHASE

3.1 Information on the Shop-Offices

The Shop-Offices are part of a new development known as Empire Square (the “**Empire Square Development**”) situated on HSD 24926 Lot 7966 Mukim Senai District of Kulai, State of Johor, Malaysia and comprise the following lots:

- (a) Plot 8 @ Empire Square situated on the particular lot HSD 71168 PTD 109431 Mukim Senai District of Kulai, State of Johor, Malaysia with a land area of 3,133 square feet and a built-up area of 6,266 square feet (“**Plot 8 @ Empire Square**”); and
- (b) Plot 9 @ Empire Square situated on the particular lot HSD 71167 PTD 109430 Mukim Senai District of Kulai, State of Johor, Malaysia with a land area of 2,161 square feet and a built-up area of 4,618 square feet (“**Plot 9 @ Empire Square**”).

3.2 Rationale for the Property Purchase

The Board considers that the Property Purchase is in the interest of the Company and the Shareholders, taking into consideration the following factors:

- (a) the Property Purchase is expected to increase the Group’s revenue stream through rental income from the Shop-Offices acquired; and
- (b) the Property Purchase is in line with the Group’s strategy to explore business opportunities which will enhance long term Shareholders’ value.

3.3 Consideration of the Acquisition

- (a) As the Shop-Offices are part of the new Empire Square Development, the consideration of the Property Purchase (the “**Shop-Offices Consideration**”) was the standard market prices of the lots in this development at which the developer marketed the aforementioned lots. The Shop-Offices Consideration under the Shop-Offices SPAs is the aggregate of:
 - (i) MYR1,700,000 for Plot 8 @ Empire Square; and
 - (ii) MYR1,000,000 for Plot 9 @ Empire Square.
- (b) The Shop-Offices Consideration shall be satisfied by Sinjia Properties in cash, with payment of the Shop-Offices Consideration to be made as follows:
 - (i) MYR2,550,000 (being the aggregate of the Disposal Consideration and the refund of the Shareholder’s Loan as mentioned in paragraph 2.2 of this announcement) to be paid to Liangsiang Development by the Purchaser for and on behalf of Sinjia Properties; and
 - (ii) MYR150,000 to be paid to Liangsiang Development by Sinjia Properties or the Company for and on behalf of Sinjia Properties.

3.4 Financial effects of the Acquisition

The Property Purchase is not expected to have any material impact on the NTA per share or earnings per share of the Group for the FY2018.

4 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings in the Company (if any), none of the Directors and the controlling shareholders of the Company has any interest, direct or indirect, in the Disposal or

the Property Purchase.

5 DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SSA, Supplemental SSA and Shop-Offices SPAs are 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
05 November 2018

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.