

**SINJIA LAND LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200402180C)

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**RESPONSE TO SGX-ST QUERIES ON THE PROPOSED ACQUISITION OF 49% STAKE IN THE CAPITAL OF G & S REALTY LIMITED**

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*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Announcement.*

The board of directors (“**Directors**” or “**Board**”) of Sinjia Land Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to set out its responses to the questions raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 18 December 2018 and also SGX-ST’s view following its review of the Company’s consultation paper dated 14 December 2018, in relation to the announcement on the proposed acquisition of 49% stake in the capital of G & S Realty Limited SGX-ST dated 13 December 2018 (the “**Announcement**”).

The SGX-ST after having reviewed the Company’s consultation paper dated 14 December 2018 and the Company’s responses dated 21 December 2018 (as set out below) in response to SGX queries, SGX-ST has concurred with the Company and Sponsor, respectively, that the Proposed Acquisition is a disclosable transaction.

In coming to this view, SGX-ST had *inter-alia* noted that the Proposed Acquisition does not change the Company’s risk profile. In addition, the Company had obtained shareholders’ approval to diversify the business at an EGM held on 23 September 2016, which SGX-ST noted had foreshadowed that the Company may enter into new geographical markets, pursuant to the relevant circular to Shareholders dated 7 September 2016.

The queries from the SGX-ST and the Company’s responses are as follows:

**Query 1**

What is the background and/or track record of Ms Sungvorn Vongpanus (“**Ms Vongpanus**”) in the real estate industry in Thailand? What were the Board’s considerations in deciding to partner with Ms Vongpanus?

**Company Response to Query 1**

The director of GSR, Ms Sungvorn Vongpanus is a Thai national and has over 10 years business experience in Thailand’s real estate and motel industry. She was involved in sale of many condominium projects in Thailand, for example Sathorn Heritage Residences (<http://www.sathorn-heritage.com/en/site/home>), 624 Condolette Rachada 36 (<https://thinkofliving.com/2013/11/22/624-condolette-รัชดา-36/>), Khwaeng Chan Kasem, Khet Chatuchak, Krung Thep Maha Nakhon 10900.

Ms Sungvorn Vongpanus has good networks to develop the real estate business that enables to attract a wide customer base in Thailand. She also has very tight and strong business partnership with “Risland / Country Garden”, China’s largest real estate developer (The investor of Project Forest City in Iskandar Malaysia) whom has now completed two projects in Thailand, namely Bangkok Artisan Ratchada Apartment project and Bangkok Lake Villas Serene project respectively. The Risland (Thailand) Co., Ltd., are inviting her to cooperate on their projects, including Thailand projects in the overseas market (Singapore, Hong Kong, Southeast Asia & China, etc.) such as agent distribution, hotel or homestay cooperation and so on.

Ms Sungvorn Vongpanus has invested and operated three motels in Thailand mainly Phranakhon Hostel, TALES Khaosan, 88 Chakrabongse Road, Talad Yod. These motel & hostel business model is similiar to that of Sinjia Land’s G4 motel. She also has a very good relationships with relevant government bodies and very familiar with Thai law and tax regulations in relation to real estate

business. Therefore, her strong resources and experience in real estate and motel industry in Thailand can greatly help Sinjia to start up the business efficiently.

Based on Ms Sungvorn Vongpanus vast wealth of experience in the real estate industry in Thailand and her connection and good relationship with various stakeholders, the Board is satisfied that partnering with Ms Sungvorn Vongpanus will enable Sinjia to gain a foothold into Thailand real estate business and with her guidance and partnership will enable Sinjia to explore potential future business opportunities and property investment in Thailand.

### **Query 2**

Based on the Company's latest unaudited financial results, we have noted that the Company is in a negative working capital position. In this regard, has the Board considered its financial position in deciding to:

- a. Enter into the Proposed Acquisition;
- b. Fund the Proposed Acquisition through internal cash resources;
- c. Expand the Company's property business in Thailand, following Completion of the Proposed Acquisition?

If applicable, please provide us with details of the Board's considerations.

### **Company Response to Query 2**

The Board has taken into consideration of the financial position of the Company before entering into the Proposed Acquisition. Based on the latest adjusted unaudited financial results for the period ended 30 June 2018, the Company would have a positive working capital of S\$6.23 million with a current ratio of 4.73(x) had the Partial Consideration (refer to note 3 below) been excluded from current liabilities as shown in the pro-forma statement of financial position below :

### **Pro-forma Statement of financial position as at 30 June 2018**

	<b>As at 30 June 2018 (Unaudited) S\$'000</b>	<b>Adjusted<sup>(3)</sup> as at 30 June 2018 (Unaudited) S\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	4,746	4,746
Others	3,155	3,155
	<b>7,901</b>	<b>7,901</b>
<b>Current liabilities</b>		
Payables to non-related parties <sup>(1)</sup>	(10,490)	-
Others	(1,666)	(1,666)
	<b>(12,156)</b>	<b>(1,666)</b>
<b>Net current liabilities<sup>(3)</sup></b>	<b>(4,255)</b>	<b>6,235</b>
<b>Non-current assets</b>		
Financial assets at fair value through other comprehensive income <sup>(2)</sup>	11,245	755
Others	4,916	4,916
	<b>16,161</b>	<b>5,671</b>
<b>Non-current liabilities</b>	(156)	(156)
<b>Net assets</b>	<b>11,750</b>	<b>11,750</b>
Capital and reserves attributable to equity holders of the Company	13,872	13,872

Non-controlling interests	(2,122)	(2,122)
<b>Total equity</b>	<b>11,750</b>	<b>11,750</b>

**Notes:-**

- (1) Relates to partial consideration received from the prospective buyer in connection with the Group's disposal of its financial assets, Tianjin Swan Lake Real Estate Development Co., Ltd. ("TJSL"). In April 2013, shareholders of the Company approved the proposed disposal of the Company's 50.54% subsidiary, Greatly Holdings Investment Ltd (whose only investment is its 30% equity stake in TJSL) to the vendor from whom the Company acquired in May 2011. As at to-date, the Company received partial payment of the completion consideration (being the value of the Partial Consideration which constitutes 86% of the total consideration) with a balance of S\$1.63 million of the total consideration outstanding. Pending receipt of the balance payment from the purchaser, the disposal is uncompleted and the Company remains as the legal owner of the 50.54% stake in Greatly Holdings. Pursuant to the sale and purchase agreement, the purchaser has the legal obligation to complete the aforementioned acquisition, and accordingly, will not have the right to demand for a refund of the Partial Consideration.
- (2) Relates to the value of the equity security in TJSL, which was recorded as a non-current asset.
- (3) Without the effects of the "adjustments" as enumerated in points (1) and (2) above, the Company recorded net current liabilities or negative working capital of \$4.26 million and a current ratio of 0.65(x). As set out in the Company's results announcement for HY2018 released on SGXNET on 14 August 2018, the Group posted a negative working capital as at 30 June 2018 was largely due to the partial consideration being recorded as a current liability whereas the value of the equity security in TJSL was recorded as a non-current asset.

If the Partial Consideration is excluded from current liabilities (i.e. classified to offset the value of equity security in TJSL), the Group would have recorded a positive working capital of \$6.23 million and a current ratio of 4.73(x) (being current assets of \$7.9 million divided by current liabilities of \$1.67 million).

It is pertinent to note that management's basis for the aforesaid "adjustments" is reasonable & justifiable as the "Payables to non-related parties" which is classified as "Current Liabilities" and the "Financial assets at fair value through comprehensive income" which is classified as "Non-current assets" relate to the same transaction. These classifications are due to accounting treatment, in accordance with FRS39 Financial Instruments.

The Proposed Acquisition will be funded internally as the company has sufficient surplus fund available according to the latest unaudited financial report as at 30 June 2018, which the company has a cash and cash equivalents of S\$4.75 million. The company do not have any other major investment as to-date.

As stated in the announcement dated 13 December 2018, the Proposed Acquisition will enable the Company to gain a strong foothold in the property business in Thailand together with their Thai partners who possess wealth of experience in the real estate business in Thailand.

The tourism and real estate business in Thailand is booming and upcoming in South East Asia region and with the Proposed Acquisition will enable the Company to tap into the tourism real estate development such as hostel, budget hotel management which the Company has experience in and any other *inter-alia* potential property investment in Thailand. The Company believes the Proposed Acquisition will deliver a source of diversified returns and long term growth to the Company.

The Directors are of the view that the Proposed Acquisition is in the best interests of the Company and the shareholders.

### **Query 3**

What's the Board's views and assessment of the Company's ability to operate as a going concern for FY2018?

### **Company Response to Query 3**

The Board believes that the Group and the Company have sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for the 12 months commencing from the end of the reporting period (i.e. 30 June 2018) for the following reasons below.

As at 30 June 2018, the Company (i) technically has a positive net working capital as enumerated above; (ii) a positive net equity base; (iii) maintained positive cash balances (free and unencumbered); and (iv) a very minimal debt obligations of arising from finance lease liabilities.

By Order of the Board

Cheong Weixiong  
Executive Director and Group Chief Executive Officer  
31 December 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

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

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