

**THE PROPOSED DISPOSAL OF THE PROPERTY AT LOTS 3, 4, 15 AND 16 OF TA DARDIS
ADDITION ASSESSOR PARCEL NUMBER 10-8303-000 LOCATED IN THE CITY OF DUNN,
NORTH DAKOTA 58640, 637 BERNIE STREET, KILLDEER**

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Sinjia Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company (the “**Vendor**” or “**Seller**”), has on 6 August 2019 entered into an agreement (the “**Agreement**”) with an independent third party purchaser (the “**Purchaser**” or “**Buyer**”) by accepting the Agreement, for the sale of the Vendor’s property located at Lots 3, 4, 15 and 16 of TA Dardis Addition Assessor Parcel Number 10-8303-000 (the “**Property**”) for an aggregate consideration of US\$750,000 or approximately S\$1,039,275 (1USD = 1.3857 SGD) (the “**Consideration**”) on the terms and subject to the conditions of the Agreement (the “**Proposed Disposal**”).

The Buyer, Trinity Investments LLC, is a US Company and is not an interested person as defined under Catalist Rules. The Proposed Disposal was brokered: by a US broker, Home and Land Company and each of the Buyer and broker is not related or connected to the Group, its Directors and substantial shareholders of the Company.

The Proposed Disposal, will be subject to, *inter alia*, consultation with SGX and fulfilment of such conditions as may be required by SGX, the approval from shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened unless such requirement for Shareholders’ approval is waived by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) or SGX-ST as may be applicable. A consult paper and application (“**Application for Waiver**”) will be made to the SGX-ST for, *inter-alia*, waiver of the need for Shareholders’ approval for the Proposed Disposal (“**Waiver**”). In the event that the Waiver is obtained, the Proposed Disposal will not be subject to Shareholders’ approval.

To support the Application for Waiver, the Company intends to obtain undertakings (“**Undertakings**”) from China Infrastructure Global Investment Capital Limited and Co-Prosperty Investment (International) Limited, who collectively are referred as “**Undertaking Shareholders**” and hold in aggregate approximately 32.19% of the issued share capital of the Company. Pursuant to the Undertakings to be obtained, each of the Undertaking Shareholders will undertake to vote each of their entire shareholdings in the Company in favour of the Proposed Disposal if an extraordinary general meeting is to be convened for the purposes of the Proposed Disposal.

2. THE PROPOSED DISPOSAL AND SALIENT TERMS OF THE AGREEMENT

2.1 Information on the Property

The Property is classified as an investment property in the books of the Company and the Group, and was received as a repayment of the convertible loan that the Group had subscribed for from Barons Vista, together with accrued interest receivables.

The Property is currently operated as a hotel under the name “BARONS LODGE HOTEL”.

2.2 Consideration and Payment Terms

The Consideration shall be fully satisfied in cash and was arrived at after arms' length negotiations and based on a willing-buyer willing-seller basis, having taking into account, *inter alia*, the net book value of the Property of approximately S\$2.54 million.

Under the Agreement, the Consideration shall, *inter-alia*, be payable by the Purchaser to the Vendor as follows:

- (a) the sum of US\$10,000 (S\$13,857) (the "**Earnest Money**") shall be held in escrow and returned in the event there is no acceptance of the Agreement by the Vendor by 8 August 2019 ; and
- (b) the sum of US\$740,000 (S\$1,025,418) (the "**Balance Consideration**") shall be payable upon the closing of the Proposed Disposal; and

Under the terms of the Agreement, *inter-alia* in the event of refusal or failure of the Seller to accept the Consideration by 8 August 2019, the Earnest Money will be returned. In the event *inter-alia* the Vendor performs all his obligations and the Buyer fails to consummate the transaction in accordance with all the terms and conditions of the Agreement, the Earnest Money shall be forfeited.

As at 6 August 2019, the Agreement has been accepted by the Vendor.

2.3 Conditional Disposal

The Proposed Disposal is conditional upon, *inter alia*; the following conditions (the "**Conditions**"):

- (i) consultation with SGX-ST and fulfilment of such conditions as may be required by SGX-ST, approval from shareholders at an EGM to be convened or SGX-ST as may be applicable;
- (ii) subject to a fourteen day "Due Diligence" study by the Buyer to perform property inspection and the Buyer to provide letter of financing from lender at removal of the fourteen day inspection period;
- (iii) the Vendor is responsible for all expenses for property up to day of closing;
- (iv) any legal action, prior to the date of closing remains the responsibility of the Vendor; and
- (v) Buyer securing final financing and lender approved appraisal.

In the event the Vendor performs all his obligations after acceptance and the Buyer shall fail to consummate the purchase by the dates specified above in accordance with all terms and conditions of this agreement, at Seller's option, either the Earnest Money shall be forfeited to Vendor as liquidated damages (since the parties agree the calculation of damages to Vendor would be difficult to ascertain with certainty and since parties further agree that the amount of Earnest Money is a reasonable attempt to estimate damages which will be suffered by the Vendor) and this Agreement thereupon shall be of no further binding effect; or Vendor may demand and pursue any and all other remedies including but not limited to actual damages or specific performance of this agreement.

If Vendor, contrary to this Agreement, fails neglects or refuses to perform as agreed, Buyer may demand and pursue any and all remedies including, but not limited to, specific performance of this Agreement. Retention of Earnest Money in any Broker's trust account pending resolution of the default shall not constitute an election of remedies by either party or prejudice their rights to pursue any and all other remedies including, but not limited to, specific performance. Time is of the essence for all covenants and conditions in the entire Agreement.

Buyer acknowledges that no statements have been made by Vendor or Vendor's agents except as set forth in an addendum attached thereto in the Agreement.

Shareholders should note that the outcome of consultation with the SGX-ST may *inter-alia* require the approval of Shareholders being obtained for the Proposed Disposal or the Waiver being granted by the SGX-ST

2.4 Completion

Closing of the Proposed Disposal is expected to take place on or before 31 October 2019 or on such other days to be mutually agreed between Buyer and Vendor.

Save as disclosed above, there is no other material conditions attached to the Agreement.

3. **RATIONALE FOR THE PROPOSED DISPOSAL**

Notwithstanding the Proposed Disposal shall result in a disposal loss of approximately S\$1,583,867 (after deducting the estimated transactional expenses of approximately S\$83,142 to be incurred in connection with the Proposed Disposal), the Board is of the view that the Proposed Disposal of the Property is in the best interest of the Group given the following:-

- (a) The Proposed Disposal will enable the Group to realize the value of the Property and thereby free up cash. In addition, the property was received as a payment for the convertible loan issued by Barron Vista. The Company has been seeking to sell the Property as a means to recover its investment in the said convertible loan. Accordingly the Group has intention to dispose of the said Property as it is located in North Dakota USA, wherein the Group does not have resources to monitor, manage and operate.
- (b) The Company has been in search for potential buyers and has sought the assistance of property agents with respect to the Proposed Disposal since May 2018. The Company confirmed that there is no other firm alternative offer for the Property and the Consideration is the best price offered for the Property as at the date of the Agreement.
- (c) The Property was classified as an investment property at approximately S\$2.54 million as at 31 December 2018 based on the market value as ascribed by an independent professional valuer. It is classified as an Investment Property in the books of the Company as at 31 December 2018 for approximately S\$2.54 million. Notwithstanding the valuation as at 2 January 2018, there has been no valuation conducted for the purposes of the Proposed Disposal.
- (d) Notwithstanding the loss of approximately S\$1,583,867 (after deducting the estimated transactional expenses of approximately S\$83,142 which will arise from the Proposed Disposal), as "advised" by the broker from the US, it would be in the Company's interest to sell the Property below the market value of approximately \$2.54 million as at 31 December 2018. The Company has been in search for potential buyers for the Property since June 2018 and has only found a buyer in August 2019 after lowering the price in May 2019. The Company confirms that there is no other firm alternative offer for the Property and the Consideration is the best price offered for the Property as at the date of the Agreement.

4. **FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

The pro forma financial effects of the Proposed Disposal as set out below are for illustrative purposes only and do not necessarily reflect the future actual financial position and results of the Group following Completion

4.1 Net Tangible Asset (“NTA”) per Share

For illustrative purposes only, assuming the Proposed Disposal had been effected on 31 December 2018 (being the end of the latest announced audited financial year for the Group), the pro-forma financial effect of the Proposed Disposal on the Group’s NTA per Share would be as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA attributable to the Shareholders of the Company (S\$’000)	11,544	9.960 ⁽¹⁾
Number of Shares (excluding treasury shares)	177,072,685 ⁽²⁾	177,072,685
Consolidated NTA per Share attributable to the Shareholders of the Company (Singapore Cents)	6.52	5.62

Note:

(1) The computation of NTA after the Proposed Disposal has taken into account the transactional expenses related to the Proposed Disposal.

(2) Based on 177,072,685 Shares which exclude treasury Shares.

4.2 Loss per Share (“LPS”)

For illustrative purposes only, assuming the Proposed Disposal had been effected on 1 January 2018 (being the beginning of the latest announced audited financial year for the Group); the pro-forma financial effects of the Proposed Disposal on the LPS for the financial year ended 31 December 2018 (“FY2018”) would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net Profit attributable to the Shareholders of the Company (S\$’000)	(3,549)	(5,133) ⁽¹⁾
Weighted average number of Shares (excluding treasury shares)	177,072,685 ⁽²⁾	177,072,685
Consolidated LPS (Singapore Cents)	2.00	2.90

Note:

(1) The proforma financial effects are determined after taking into account the loss on disposal and based on the assumptions of depreciation, expenses, and property tax.

(2) Based on 177,072,685 Shares which exclude treasury Shares.

4.3 Value of the Property

The open market value of the Property was approximately S\$2.54 million based on the valuation report dated 4 January 2018 issued by an independent valuer. The NTA value (and book value) of the Property is approximately S\$2.54 million as at 31 December 2018.

No profit is attributable to the Property for FY2018. The loss of the Consideration for the Proposed Disposal over the book value of the Property as at 31 December 2018 is approximately S\$1,583,867 (after deducting the estimated transactional expenses of approximately S\$83,142 to be incurred in connection with the Proposed Disposal).

4.4 Use of Proceeds

The Company expects to receive gross proceeds of US\$750,000 or approximately S\$1,039,275 from the Proposed Disposal (excluding estimated transactional expenses of approximately S\$83,142 to be incurred in connection with the Proposed Disposal). The proceeds from the Proposed Disposal shall be used for general working capital of the Group.

Pending deployment of the proceeds from the Proposed Disposal for such purposes, the proceeds may be placed in deposits with banks or financial institutions as the Directors may, in their absolute discretion, deem fit.

5. **REQUIREMENTS UNDER CHAPTER 10 OF THE LISTING MANUAL**

Rule 1006 and Rule 1014 of the Listing Manual

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are as follows:

Rule 1006 of the Listing Manual	Bases	Relative Figures
1006 (a)	Net asset value of the assets to be disposed of, compared with the group’s net asset value	22.0% ⁽¹⁾
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group’s net profits	Not applicable ⁽²⁾
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer’s market capitalisation, based on the total number of issued shares excluding treasury shares	72.5% ⁽³⁾
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves	Not applicable

Note:

- (1) Based on the net asset value of the Disposed Assets of approximately S\$2.54 million as at 31 December 2018 and the net assets value of the Group of approximately S\$11.54 million as at 31 December 2018.
- (2) Not applicable as the Property does not generate any income and the Group suffered a loss of approximately S\$3.39 million before income tax, minority interests and extraordinary items for financial year ended 31 December 2018.
- (3) Computed based on the Consideration of approximately S\$1.04 million and the market capitalisation of the Group of approximately S\$1.43 million as at 26 July 2019, being the last trading day for the Company’s shares (“**Shares**”) preceding the date of the Agreement. The Group’s market capitalisation is computed based on the number of issued Shares of 177,072,685 (excluding treasury Shares) and the weighted average price of approximately S\$0.0081 per Share on 26 July 2019, being the weighted average price for the Shares on the last market day preceding the date of the Agreement.

The figures above are based on the audited consolidated financial statements for the Group as at 31 December 2018, as the Agreement was accepted by the Vendor on 6 August 2019, prior to the release of the 6 months ended 30 June 2019 interim unaudited consolidated results of the Group, on 14 August 2019.

As the relative figures under Rule 1006(b) the Catalist Rules is negative, Chapter 10 may still be applicable at the discretion of the SGX-ST for the Proposed Disposal and the Exchange will be consulted.

Further as the relative figures under Rule 1006(c) of the Catalist Rules exceed 50%, the Proposed Disposal may constitute a “major transaction” under Rule 1014 of the Catalist Rules and is subject to the approval of the Shareholders in a general meeting. Notwithstanding the Company proposes to consult the SGX-ST on the applicability of Chapter 10 and seek a waiver where applicable on the requirements for shareholder approval.

In the event that the 6 months ended 30 June 2019 interim unaudited consolidated results of the Group, announced on 14 August 2019 is used for the computations of Chapter 10 ratios, the relative figures under Rule 1006(b) is still negative. The ratio for Rule 1006(a) would be 24.9% whilst the ratio for Rule 1006(c) would still be the same as the earlier computation or 72.5%.

However, it is noted that, pursuant to Practice Note 10(A) paragraph 8(c) of the Catalist Rules, “where an issuer proposes to dispose of a non-core business or a non-core asset without affecting the nature of its main business, it is reasonable in normal circumstances to expect shareholders not to be overly concerned about the disposal. The Exchange may grant a waiver under such circumstances”. As mentioned in sections 2 and 3 of this announcement, the Property is recorded under the books of the Company as an investment property and was received as a repayment of the convertible loan that the Group had subscribed for from Barons Vista, together with accrued interest receivables.

Accordingly, the Company intends to consult the SGX-ST and will be applying to the SGX-ST for a waiver to hold an extraordinary general meeting to seek Shareholders’ approval for the Proposed Disposal. The Company will provide updates to Shareholders, where applicable, in due course. In the event that the Waiver is obtained, the Proposed Disposal will not be subjected to Shareholders’ approval.

The Proposed Disposal will not be completed until after the outcome of the consultation with SGX-ST is known and where applicable shareholders’ approval if the Waiver for Shareholders’ approval is not obtained.

6. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, controlling Shareholders or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

7. SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of the Company, and no service agreements will be entered into by the Company, in connection with the Proposed Disposal.

8. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be made available for inspection by shareholders during normal business hours at the registered office of the Company (Block 16 Kallang Place #01-16/18 Kallang Basin Industrial Estate Singapore 339156) for a period of three (3) months commencing from the date of this announcement.

9. FURTHER ANNOUNCEMENT

The Company will make further announcements in relation the Proposed Disposal as and when there are material developments.

10. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in 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 Disposal, the Property, the Agreement, 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 misleading. Where information in the 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 the announcement in its proper form and context.

By Order of the Board

Cheong Weixiong
Group Chief Executive Officer and Executive Director
16 August 2019

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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