

SINJIA LAND LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200402180C)

- ENTRY INTO SETTLEMENT AGREEMENT AND DISMISSAL OF COMPLAINT
 - CLOSING OF PROPOSED DISPOSAL
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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 dated 16 August 2019, 28 August 2019, 1 November 2019, 27 February 2020, 4 March 2020 and 20 March 2020 (“**Previous Announcements**”) and the circular issued by Sinjia Land Limited to its shareholders dated 5 March 2020 (“**Circular**”).*

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 Previous Announcements and the Circular in connection with the Proposed Disposal and the Complaint.
- 1.2. The Purchaser, Trinity Investments, LLC, had on 12 February 2020 served the Complaint on the Company to, amongst other things, compel specific performance of the Agreement in respect of the sale of the Property by the Company to the Purchaser.
- 1.3. On 20 March 2020, the Company convened the EGM and sought the approval of the Shareholders for the Proposed Disposal.
- 1.4. The Company wishes to announce that further to the Previous Announcements, the Purchaser and the Company had entered into a settlement and release agreement (“**Settlement Agreement**”) dated 22 May 2020 for the mutual dismissal, release and discharge by each party against the other of any and all claims, causes of action and demands, related in any manner, to the Property, the sale of the Property, any delays in the sale of the Property, or the sale process, including but not limited to the claims asserted by the Purchaser in the Complaint.
- 1.5. The Company also wishes to announce the Closing of the Proposed Disposal has occurred and the Company has received the net proceeds of the Proposed Disposal. Please refer to paragraph 2.4 of this announcement for further details.

2. SETTLEMENT, DISMISSAL OF COMPLAINT AND CLOSING

- 2.1. Pursuant to the Settlement Agreement, the Company and the Purchaser had agreed to:
 - (a) affirm and acknowledge their commitment to proceed with the sale of the Property;
 - (b) reduce the Consideration for the Property of US\$750,000 by US\$30,000;
 - (c) allow the Purchaser to retain all income generated by the hotel on the Property (“**Barons Lodge Hotel**”) from 10 October 2019 up to the date of closing of the sale of the Property (“**Closing**”); and

- (d) following the Closing, to execute and cooperate in the filing of a stipulation and dismissal of the Complaint.
- 2.2. Upon Closing, the parties agree and acknowledge that all issues, matters, claims and causes of action of any kind and nature whatsoever between the Company and the Purchaser will be fully and finally resolved. This includes all claims and/or causes of action that the Purchaser may have against the Company arising out of the sale of the Property.
- 2.3. On 12 June 2020, the Complaint was dismissed by the District Court for the State of North Dakota, County of Cass, East Central Judicial District without costs or disbursements to any party.
- 2.4. On 15 June 2020, the Company received net proceeds of US\$652,706.59 from the North Dakota Guaranty and Title Company, comprising the Consideration of US\$750,000 less the US\$30,000 reduction pursuant to the Settlement Agreement, and less transactional expenses. Accordingly, Closing of the Proposed Disposal has occurred on 15 June 2020.
- 2.5. As the reduction in the Consideration for the Property (stated in paragraph 2.1(b) above) is less than 5% of the original Consideration, the Board does not view such reduction to be a material adjustment to the terms of the Proposed Disposal.
- 2.6. The Board is of the view that the settlement of the Complaint pursuant to the Settlement Agreement is in the best interests of the Company and its shareholders for the following reasons:
 - (a) as stated in the Previous Announcement dated 27 February 2020 and the Circular, the Company was served the Complaint by the Purchaser to seek, amongst others, specific performance of the SPA. The Company has been in active negotiations with the Purchaser with a view to avoiding litigation proceedings in North Dakota. The Purchaser was unwilling to settle with the Company and withdraw the Complaint unless a reduction in the Consideration was considered. To avoid incurring additional costs and prolonging the Proposed Disposal, the Directors considered it in the best interests of the Company and the Shareholders to provide a reduction in the Consideration (amounting to 4% of the Consideration) as an overall settlement of the various counterclaims between the Company and the Purchaser, as opposed to the uncertainty of mounting legal costs and other expenses in litigation proceedings which could be protracted, which would be prejudicial to the interests of the Company and the Shareholders;
 - (b) the Company had agreed to forego its claims on the income on the Barons Lodge Hotel and a reduction in the Consideration, in consideration for the Purchaser giving up its damages claim against the Company and a dismissal of the Complaint without any costs payable to the Purchaser. Based on settlement negotiations with the Purchaser in March 2020 and as represented by the Purchaser, the estimated expenses incurred by the Barons Lodge Hotel and on the Property since October 2019 was US\$213,054.51 while the estimated income generated by the Barons Lodge Hotel for the corresponding period was US\$132,884.73, and this difference (i.e. US\$88,521.78, being USD 213,054.51 less US\$132,884.73) was presented by the Purchaser as a damages claim against the Company;
 - (c) the reduced sale price of US\$720,000 is still reasonable given that there are two (2) market issues currently affecting the Property:
 - (i) the Property is located in the middle of oil country in North West Dakota with majority of the Property's hotel business clientele being workers in the industry

in the area, and with the price of oil being at historically low levels, there will be a further major hit to the businesses in the region; and

- (ii) the COVID-19 pandemic has and will continue to negatively affect the hospitality and hotel industry in the area;
- (d) if the Closing had not proceeded, the Company might not have been able to secure another purchaser at an equivalent purchase price; and
- (e) the settlement of the Complaint and completion of the Closing had allowed the Company to expeditiously proceed with the dismissal of the Complaint and towards Closing without expending further resources in operating and maintaining the Property and incurring additional legal costs in litigating the Complaint.

2.7. The Directors are of the view that the entry by the Company into the Settlement Agreement and the carrying out of the transactions contemplated therein, including the reduction of the Consideration, does not contravene any laws, rules or regulations (including inter-alia the approval given by the Shareholders at the EGM on 20 March 2020 in respect of the Proposed Disposal

3. DIRECTOR'S 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 (including *inter alia* the Closing), the Settlement Agreement, and dismissal of the Complaint, 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 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.

Shareholders and potential investors are advised to carefully read this announcement and any further announcements made by the Company. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Cheong Weixiong
Executive Director and Group Chief Executive Officer
16 June 2020

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., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange

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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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