

SINGHAIYI GROUP LTD.
(Company Registration No. 198803164K)
(Incorporated in the Republic of Singapore)

ACQUISITION OF 5 THOMAS MELLON CIRCLE, SAN FRANCISCO, CALIFORNIA, U.S.A.

INTRODUCTION

1. The Board of Directors (**Board**) of SingHaiyi Group Ltd. (**Company**) refers to its announcement of 3 July 2013 on the possible real estate projects in the United States of America (**U.S.A.**) that the Company may participate in pursuant to the right of first refusal (the **RFR**) granted by American Pacific International Capital Inc. (**APIC**). under a letter of undertaking dated 21 May 2013. Please refer to paragraph 15 below for more details.

EXERCISE OF RFR OVER THE PROPERTY

2. In exercise of the RFR, the Company shall acquire certain parcels of land (together with fixtures and building(s) erected thereon and subsisting leases and licenses) located at 5 Thomas Mellon Circle, City and County of San Francisco, State of California, 94134, the U.S.A. (the **Property**) for the sum of US\$24,438,524 (the **Purchase Consideration**), which is below the fair value of the Property at US\$35.0 million (the **Fair Value**) as valued by Colliers International Valuation & Advisory Services LLC dated 21 February 2014, a firm of independent valuers. The Company will also reimburse APIC for all direct costs and expenses incurred by APIC in connection with its acquisition of the Property.
3. The Property was one of the possible real estate projects referred to in the announcement of 3 July 2013 and was first introduced to the Company and APIC around May 2013.

INFORMATION ON THE PROPERTY

4. Located in the Candlestick Point neighbourhood of San Francisco, the Property has a land area of approximately 4.69 acres (approximately 204,300 square feet) with an existing commercial office building facility of approximately 113,000 square feet erected thereon (the **Office Building**). Currently, the Office Building has an occupancy rate of approximately 50% and the estimated rental income for the year is US\$1.0 million.
5. The Property has an attractive bay side location in close proximity to major highways in between the San Francisco City Centre and the San Francisco International Airport. The existing Office Building can be demolished for re-development to accommodate a fully zoned multi-family general condominium development of 500 residential units. The approval to build 500 condominium residential units on the Property was obtained on 18 July 2011.
6. Further to the feasibility studies carried out by external consultants and preliminary engagement with the relevant planning authorities, the Property could also be developed into a high end full service Continuing Care Retirement Community for Seniors (**CCRC**) based on the current approved use. However, the assisted living component of the CCRC may require additional change of use approval. The Company's current plan is to develop the Property as a CCRC project but if such change of use approval is required, the Company may consider developing the Property as a general condominium residential project depending on the time and effort required to secure the approval.
7. Based on the current feasibility studies, the CCRC could provide 528 units for seniors requiring independent or memory assisted living, with health care services also provided. The expected completion date for the CCRC is 2017.

RATIONALE FOR THE ACQUISITION OF 5 THOMAS MELLON CIRCLE

8. As stated in the above, the Property has an attractive bay side location in close proximity to major highways. Although the CCRC project could have a longer gestation period prior to completion as compared to a normal residential development project, the Company is positive on the attractiveness of the CCRC project as there is a growing demand in the U.S.A. for senior living and a shortage for the supply of such services in the region around the Property. The intended business model for the CCRC project in the form of cash upfront (refundable entrance fee collection) for seniors who desire to occupy a unit within the CCRC project is also attractive financially in relation to the repayment of external borrowings required for the development of the CCRC project. Based on the feasibility studies for the CCRC project, the Property could generate an attractive long term sustainable income. In addition to the above, the CCRC project is also viable business with a "heart" in providing senior citizens a community of their own in a good and safe surrounding to enjoy their remaining years.

LETTER AGREEMENT

9. In exercise of the RFR, the acquisition of the Property by the Company will be in the form of the transfer of APIC's sole membership interest in Ocean Landing LLC (a special purpose vehicle established by APIC under the laws of the State of California to hold the legal title to the Property) to SingHaiyi Ocean Landing Inc. (a special purpose vehicle established and wholly-owned by the Company under the laws of the State of California to acquire APIC's sole membership interest in Ocean Landing LLC).
10. The consideration payable by APIC for the purchase of the Property under a sale and purchase agreement dated 12 July 2013 (following a letter of intent dated 26 June 2013) was reduced from US\$24,600,000 to US\$24,438,524. This is the same amount as the Purchase Consideration. APIC completed the purchase of the Property on 30 August 2013.
11. To give effect to the exercise of the RFR by the Company, the Company and APIC have entered into an agreement dated 25 February 2014 (**Letter Agreement**) pursuant to which:
 - (a) APIC shall execute all relevant documents as may be required by the Company in order to effect the transfer to the Company or its nominee(s) free from all encumbrances, the full legal and beneficial interest of APIC's sole membership in Ocean Landing LLC;
 - (b) APIC shall procure the resignation of the existing director(s) and other officers of Ocean Landing LLC and shall procure the appointments of the Company's nominees as director(s) of Ocean Landing LLC; and
 - (c) After APIC has performed its obligations under paragraphs (a) and (b) above, the Company shall reimburse APIC the sum of **US\$24,438,524** plus all direct out-of-pocket expenses/costs incurred by APIC for its acquisition of the Property amounting to approximately US\$122,000.

All economic benefits generated from the Property and all outgoings and taxes payable for the Property from the completion date on 30 August 2013 shall be for the account of the Company.

12. The acquisition of the Property will be funded through the proceeds from the rights issue undertaken by the Company in July 2013.

ROLE OF APIC AND RIGHT OF FIRST REFUSAL ARRANGEMENT

13. At the Company's extra-ordinary general meeting on 28th June 2013 (the **EGM**), approval was obtained for the Company to expand the geographical scope of the real estate investment activities of the Company and its subsidiaries to the U.S.A.
14. After the EGM, the Company quickly seized upon an opportunity to acquire Tri-County Mall, a shopping mall in Springdale, Ohio. Tri-County Mall is the Company's first venture in the U.S.A real estate sector and it provides the Company with an attractive investment holding opportunity to acquire an asset that has immediate revenue opportunities. The Company was concurrently conducting due diligence and carrying out feasibility studies on the Property in a more cautious manner as this is a developmental project which requires more funding. External consultants in the U.S.A. were appointed in September 2013 by the Company's Managing Director in U.S.A., Mr. Jason Mao to study the different development options. Meetings were also held with legal counsel and the planning authorities in connection with the CCRC project. With APIC's indulgence, the exercise period of the RFR over the Property was extended. Shortly thereafter, the Company also came upon a "distressed sale" of certain condominium project (partly completed) in San Jose, California and worked swiftly to acquire it. During this period, the Company also participated in some public housing tenders in Singapore. Having regard to the positive indications of a turnaround in the U.S.A. economy (in particular, California) and the results of its due diligence and the feasibility studies by the external consultants and the meeting with the planning authority, the Company considered that it is ready to pursue a developmental project outside of Singapore and in California. Therefore, the Company has decided to exercise the RFR to acquire 100% interest in the Property.

TRANSACTION COST TO APIC

15. With the indulgence of APIC, the RFR exercisable by the Company over the Property was extended. While the Company was evaluating the Property for the exercise of its RFR, APIC assisted in the management of the Office Building and attended to all the ancillary services required by the tenants of the Office Building after the completion of the purchase on 30 August 2013 using its own funds. Considerable support was given to Mr. Jason Mao (the executive director of the Company) for the due diligence exercise and feasibility studies on the Property. For these facilitation provided by APIC, the Company will pay APIC as transaction cost an amount equivalent to US\$392,000 (**Transaction Cost**) upon completion of its acquisition of the Property. The Company will pay APIC to continue to assist in managing the Office Building post-acquisition as well as to provide staff and other support to Mr. Jason Mao. This arrangement may be terminated by either party on one month's notice. As APIC is a corporation controlled by the controlling shareholders of the Company, the payments referred to in this paragraph would be an interested person transaction as defined under Chapter 9 of the listing manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (**Listing Manual**). The Company will continue to monitor the interested person transaction and make the relevant announcement, where applicable, in accordance with the requirements of Rule 905 and 917 of the Listing Manual.
16. The latest audited net tangible asset of the Company and its subsidiaries (the **Group**) as at 31 March 2013 is S\$157.6 million (the **Relevant Figure**) and the Transaction Cost of US\$392,000 is less than 3% of the Relevant Figure.

DISCLOSURE OF INTERESTS

17. Save as disclosed above, none of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the Company's acquisition of the Property (through the acquisition of Ocean Landing LLC), other than through their shareholdings in the Company.

BY ORDER OF THE BOARD

Chen Huaidan (Serena)
Group Managing Director
26 February 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

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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