



SINGHAIYI
GROUP

SINGHAIYI GROUP LTD.

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

Corporate and Business Update

The Board of Directors (the “Board”) of SingHaiyi Group Ltd. (the “Company”, together with its subsidiaries, collectively the “Group”) wishes to provide a corporate and business update following a strategic review led by Mdm. Serena Chen, who was appointed Group Managing Director on 1 December 2013.

I. Property Projects or Investments in Singapore

The Company currently has four residential property developments and a 20%-equity interest in a commercial project. The updates on sales, Temporary Occupation Permit (“TOP”) or investments in each of the projects are as follows:

- a) Charlton Residences** – This freehold cluster housing project – in which the Group has an 80% equity interest – was fully sold out in less than four months after its launch in November 2011. With a total sales value of S\$60 million, the project is expected to receive its TOP before the scheduled TOP of December 2014. The Group recognized revenue of S\$16.2 million from this project in the financial period ended 30 September 2013 (“1H2014”) and expects to recognize the bulk of the remaining S\$43.8 million as sales in the accounts for FY2014.
- b) Pasir Ris One** – The Group has an 80%-equity interest in this public housing project under the HDB’s Design, Build and Sell Scheme (“DBSS”). As at 31 December 2013, approximately 290 or 65% out of the total of 447 units have been sold. The TOP of this project is scheduled for June 2015. Under the completion of construction method, the Company expects to commence revenue recognition for this project in FY2016.
- c) CityLife@Tampines** – The Group holds an effective 24.5% equity interest in this Executive Condominium project with total sales value of S\$528 million. All 514 units were sold out within three months of its launch in December 2012. The TOP of this project is scheduled for May 2016. Under the completion of construction method, the Company expects to commence revenue recognition in FY2016.
- d) CosmoLoft** – The Group holds 90% equity interest in this freehold condominium project launched in May 2013. Based on the current selling prices, it has a gross development value of approximately S\$53 million. The TOP of this project is scheduled for April 2016. The Company has sold approximately 10% out of the total 56 units, and expects to commence revenue recognition in FY2017.



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- e) **TripleOne Somerset** – On 9 January 2014, the Group announced that it has acquired a 20% stake in TripleOne Somerset for S\$66 million, marking its first investment in commercial property in Singapore. The Group will be appointing a representative to be a part of the Project Management Team for the Asset Enhancement Initiatives (“AEI works”), which seeks to enhance the value of the Property. The Group expects to equity-account profits from the rental income of the 17-storey property with two office towers, two floors of retail space and total gross floor area of 766,550 square feet located in Singapore’s Orchard Road shopping precinct, from 1 April 2014.

II. Overview of the Property Market in Singapore

The Singapore residential property market is currently facing combined challenges brought about by rising land costs, numerous government-led cooling measures and uncertainty of global interest rates. In view of the above factors, the Group is cautiously assessing future land tenders and has recently embarked on a “value-added” strategy to create synergies and leverage on the expertise and experience of its partners. Under this strategy, the Group will explore real estate opportunities in Singapore beyond the current focus on the residential sector. Such opportunities will include commercial or other property sub-sectors with the focus on enhancing shareholder value.

The Group believes that the commercial property market offers selective opportunities for yield-based investments. The Group has embarked on its first such investment (TripleOne Somerset) and will continue in search of other similar opportunities moving forward.

III. Strategic Diversification To U.S. Real Estate Investments

In contrast to the Singapore property market, the directors believe that U.S. real estate market is in a recovery stage of the market cycle. Accordingly, at an Extraordinary General Meeting (“EGM”) convened on 28 June 2013, the Company’s shareholders approved a proposal to raise S\$226.0 million from a rights issue and placement exercise and to expand the Group’s real estate investment activities beyond Singapore to include, in particular, the United States. The Group’s U.S. investment strategy combines return on investments and steep discount to the assets’ underlying values at the time of acquisition.

Apart from its arrangement with the American Pacific International Capital, Inc. (“APIC”), a U.S.-based corporation owned by the controlling shareholders of the Group, in particular, its first right of refusal offer by APIC for any real estate investment in the United States, the Group banks on the investment acumen and business network of its management team in search of attractive and sustainable opportunities. To date, the Group has concluded the first two U.S. investments, namely:



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- i) Tri-County Mall (“TCM”), a major shopping mall in Cincinnati, Ohio, acquired in September 2013 for US\$45 million – a discount of approximately 77% to its unaudited net book value as at 30 June 2013; and
- ii) Vietnam Town (“VT”), a partially completed commercial condominium development project in San Jose, California, acquired in November 2013 for US\$33.05 million.

IV. Update on Real Estate Activities in the United States

Following the two acquisitions in the United States, the Group has embarked on the following initiatives to enhance shareholder value:

a) *Tri-County Mall (“TCM”)*

The Group has an indirect company, SingHaiyi Tri-County Mall Inc, which owns Tri-County Mall LLC (which holds TCM) and TCM’s manager, Tri-County Mall Property Management LLC.

The initial focus is to increase the occupancy rate from 84% at the time of acquisition, and intense efforts have since been undertaken to market to prospective tenants by positioning TCM as a lifestyle mall. The management is currently in talks with several national anchor tenants.

The mall, at close to full occupancy, had achieved pre-tax profit of US\$10 million in 2008, before the onset of the global financial crisis.

As the mall sits on a property of 76.1 acres, including 7,000 parking spaces, the management is exploring opportunities to lease out portions of the land to operators of restaurants or a business hotel. Such initiatives will allow the Group to increase revenue without incurring capital expenditure.

b) *Vietnam Town (“VT”)*

The project comprises 256 planned condominium units, each of about 1,000 square feet, sitting on a land parcel of 853,502 square feet. At the time of acquisition, only 115 had been built, of which 64 had been sold. The Company intends to sell the remaining 51 units by 2015, at an average price of US\$550,000 each and use the proceeds of approximately US\$28.0 million to finance the construction of the balance 141 units before selling them between 2016 and 2018.

As of today, two units have been sold at approximately US\$575 per square feet. The Group expects a few more units to be sold at this price before the end of FY2014 before raising the selling prices in tandem with the increasing real estate prices in this region.



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V. Gearing

As at 30 September 2013, the Group is in a net cash position of S\$160.4 million. While the Group had used cash resources (from the S\$226.0 million raised following the June 2013 EGM) to finance the above two properties, it intends to obtain bank borrowings on an indicative 50-50 debt-equity ratio in the near future.

VI. Outlook

While the Group remains on the lookout for investment opportunities in Singapore and the United States, it expects the longer-term financial contributions from the latter to exceed that of the former in view of the factors outlined above.

In view of the sales progress, stages of completion as well as ongoing development of the projects in both countries, the Directors expect the Group's revenue and the operating net profit in FY2016 to be better than that of FY2014 and FY2015.

BY ORDER OF THE BOARD

Mdm Chen Huaidan (Serena)
Group Managing Director

9 January 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 Singapore Exchange Securities Trading Limited (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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