

SINJIA LAND LIMITED
(Incorporated in the Singapore on 26 February 2004)
(Company Registration No. 200402180C)

PROPOSED SALE OF SHARES IN HLN RUBBER PRODUCTS PTE. LTD.

1 INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of Sinjia Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has, on 20 October 2017, entered into a conditional sale and purchase agreement (the “**SPA**”) with KH Investment Group Limited (the “**Purchaser**”) and the Company’s subsidiaries, HLN Rubber Products Pte. Ltd. (“**HLN Rubber**”), HLN Rubber Industries Sdn. Bhd. (“**HLN Malaysia**”), PT HLN Batam (“**HLN Batam**”) and HLN (Suzhou) Rubber Products Co., Ltd. (“**HLN Suzhou**”), whereby the Company has agreed to sell, and the Purchaser has agreed to purchase, the entire issued and paid-up share capital (“**Sale Shares**”) of HLN Rubber, upon the terms and subject to the conditions of the SPA (the “**Proposed Sale**”).
- 1.2 HLN Rubber, a wholly-owned subsidiary of the Company, holds 100% and 99.9% of the issued and paid-up share capital of HLN Malaysia and HLN Batam respectively, and the entire equity interest in HLN Suzhou. The Company, the Purchaser, HLN Rubber, HLN Malaysia, HLN Batam and HLN Suzhou shall collectively be referred to as the “**Parties**”, and each a “**Party**”. HLN Rubber, HLN Malaysia, HLN Batam and HLN Suzhou shall collectively be referred to as the “**HLN Group**”, and each a “**HLN Group Company**”.
- 1.3 Upon Completion (as defined below), the HLN Group will cease to be subsidiaries of the Company.
- 1.4 The Proposed Sale constitutes a “major transaction” under Chapter 10 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) and is accordingly subject to the approval of the shareholders of the Company (“**Shareholders**”) being obtained at an extraordinary general meeting to be convened (“**EGM**”). Please refer to Section 3 of this announcement for further details.

2 THE PROPOSED SALE

2.1 Information on the HLN Group

HLN Rubber is a private company limited by shares incorporated in Singapore. The HLN Group, a solutions provider for integrated mechanical components, undertakes manufacturing and supplies a wide range of customised elastomeric and polymeric components to a variety of industries in Asia.

2.2 Information on the Purchaser

The Purchaser, a company incorporated in the British Virgin Islands, is a special purpose vehicle wholly-owned by Mr. Tay Kwong Hua (“**Mr. Tay**”). Mr. Tay is also the sole director of the Purchaser and is unrelated to any of the Directors or substantial Shareholders of the Company and their respective associates.

Information in this Section 2.2 is based solely on information and representations provided by Mr. Tay.

2.3 Consideration

2.3.1 The consideration for the Proposed Sale (“**Consideration**”) under the SPA is the aggregate of:

- (a) S\$2,380,000; and
- (b) the aggregate market value (“**Group Fixed Assets Consideration**”) of certain assets owned by the HLN Group, which includes key machinery and equipment used by the HLN Group in its operations (“**Group Fixed Assets**”). The Group Fixed Assets Consideration shall be mutually agreed between the Company and the Purchaser (“**Group Fixed Assets Consideration Determination**”) having regard to a valuation to be undertaken by a valuer jointly appointed by the Company and the Purchaser (“**Valuer Appointment**”). The Valuer Appointment shall take place no later than three (3) calendar months prior to the Group Fixed Assets Completion Date (as defined below), and the Group Fixed Assets Consideration Determination shall be finalised no later than 10 Business Days prior to the Group Fixed Assets Completion Date.

2.3.2 The Consideration shall be paid by the Purchaser to the Company in cash. The Consideration was arrived at pursuant to arm’s length negotiations, on a willing-buyer, willing-seller basis, taking into account a number of factors including, *inter alia*, the historical performance and business prospects of the HLN Group, and the aggregate market value of the Group Fixed Assets.

2.3.3 The Consideration shall be satisfied by the Purchaser in the following tranches (“**Tranches**”):

- (a) S\$476,000 on the signing of the SPA;
- (b) S\$476,000 on 31 December 2018; and
- (c) the aggregate of S\$1,428,000 and the Group Fixed Assets Consideration, on 31 December 2019.

Pursuant to the SPA, each Tranche of the Consideration which has been paid by the Purchaser to the Company shall be non-refundable. In the event that any part of the Consideration is not paid by the Purchaser to the Company in accordance with the terms of the SPA, the Purchaser shall transfer, or cause the reversion of title in, all of the Sale Shares back to the Company.

2.4 Conditions Precedent

Completion of the Proposed Sale (“**Completion**”) is conditional upon the fulfilment or waiver of the conditions precedent set out below (“**Conditions Precedent**”) on or before 22 December 2017 (or such other date as the Company and the Purchaser may mutually agree in writing):

(a) all approvals, consents, statement of no objection, waivers, licences, authorisations, orders, grants, confirmations, permissions and/or registrations as required for or in relation to the Proposed Sale:

(i) under all applicable laws and regulations to which the Company is subject; and/or

(ii) of any government and/or regulatory bodies or competent authorities having jurisdiction over the Company,

being granted, and being in full force and effect up to and including Completion, and where such grant be subject to terms and/or conditions, such terms and/or conditions being acceptable to the Parties, and being capable of being complied with by each Party to the extent that such terms and/or conditions apply to such Party;

(b) approval by the Shareholders, to the extent required under the Catalist Rules, being obtained;

(c) all approvals, consents, statement of no objection, waivers, licences, authorisations, orders, grants, confirmations, permissions and/or registrations as required for or in relation to the Proposed Sale:

(i) under all applicable laws and regulations to which the Purchaser is subject; and/or

(ii) of any government and/or regulatory bodies or competent authorities having jurisdiction over the Purchaser,

being granted, and being in full force and effect up to and including Completion, and where such grant be subject to terms and/or conditions, such terms and/or conditions being acceptable to the Parties, and being capable of being complied with by each Party to the extent that such terms and/or conditions apply to such Party;

(d) all approvals, consents, statement of no objection, waivers, licences, authorisations, orders, grants, confirmations, permissions and/or registrations as required for or in relation to the Proposed Sale:

(i) under all applicable laws and regulations to which the HLN Group is subject; and/or

(ii) of any government and/or regulatory bodies or competent authorities having jurisdiction over the HLN Group,

being granted, and being in full force and effect up to and including Completion, and where such grant be subject to terms and/or conditions, such terms and/or conditions being acceptable to the Parties, and being capable of being complied with by each Party to the extent that such terms and/or conditions apply to such Party;

(e) where the terms of any contracts entered into by or in relation to any HLN Group Company contain any restrictions or prohibition on the change in control of the shareholdings, management or ownership of HLN Rubber or include any right to

terminate exercisable prior to or as a result of the Proposed Sale or any other transaction contemplated under the SPA, delivery by the Company to the Purchaser of a written confirmation, in a form and on terms satisfactory to the Purchaser, of the waiver of such restriction or prohibition in relation to any such change arising from the Proposed Sale or any other transaction contemplated under the SPA or any such right to terminate;

- (f) the completion of the Trade Debt Repayment (as defined below);
- (g) the execution of the Deeds of Trust (as defined below) by the parties thereto in the agreed form set out in the SPA or in a form satisfactory to the Company in the Company's sole discretion;
- (h) all the Purchaser's warranties being complied with and being true, accurate and not misleading in all material aspects as at the Completion Date (as defined below); and
- (i) there having been no restriction, prohibition, injunction, invalidation or others which prevent (or seek to prevent) the Proposed Sale or other transactions contemplated under the SPA by any government authorities.

2.5 Completion

Subject to the satisfaction or waiver (as the case may be) of the Conditions Precedent, Completion shall take place on the date falling on the 5th business day after fulfilment (or waiver) of the Conditions Precedent, or such other date as may be agreed in writing between the Company and the Purchaser ("**Completion Date**").

2.6 Other salient terms of the SPA

2.6.1 Group Fixed Assets

The Parties have agreed that subject to Completion and from the Completion Date and up to the completion date of the sale of the Group Fixed Assets by the Company to the Purchaser (being 31 December 2019 or such other date as may be agreed in writing between the Company and the Purchaser) ("**Group Fixed Assets Completion Date**"), each HLN Group Company shall, by way of a deed of trust ("**Deed of Trust**"), hold such Group Fixed Assets that are registered in their respective names as bare trustee on trust for the Company with effect from the Completion Date, and such HLN Group Company shall have no beneficial right, title or interest whatsoever in respect of such Group Fixed Assets. For the avoidance of doubt, legal title in the Group Fixed Assets shall continue to be held by the relevant HLN Group Company after Completion.

The Purchaser has also undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of ("**Disposal**"), or enter into any agreement or arrangement that will directly or indirectly constitute or will be deemed as a Disposal of:

- (a) any part of the Purchaser's shareholdings in HLN Rubber or any part of the shareholdings of HLN Rubber in any HLN Group Company; or
- (b) the Group Fixed Assets,

for the period commencing on and from the Completion Date to the later of (i) 31 December 2019; and (ii) the Group Fixed Assets Completion Date.

Subject to the payment in full of all Tranches of the Consideration by the Purchaser to the Company, on the Group Fixed Assets Completion Date, the Company shall execute and deliver to the relevant HLN Group Company such documents and take such further actions, as may be necessary, to terminate the Deed of Trust entered into between the relevant HLN Group Company and the Company, and procure the transfer of the beneficial interest of the Company in the relevant Group Fixed Assets to the relevant HLN Group Company.

2.6.2 Trade Debt Repayment

Pursuant to the SPA, the Purchaser has acknowledged, agreed and confirmed that the Proposed Sale, and in particular the determination of the Consideration, has been entered into on the basis that HLN Rubber shall, prior to Completion, repay to the Company trade debts in the aggregate of S\$4,680,000 ("**Trade Debt Repayment**").

3 **RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES IN RELATION TO THE PROPOSED SALE**

3.1 The relative figures for the Proposed Sale as computed on the bases set out in Rule 1006 of the Catalist Rules and the unaudited consolidated financial statements of the Group for the half year ended 30 June 2017 ("**HY2017**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the Sale Shares, as compared with the Group's net asset value	25.9 ⁽¹⁾
(b)	Net profits attributable to the Sale Shares, as compared with the Group's net profits	991.7 ⁽²⁾
(c)	The aggregate value of the consideration received, as compared with the Company's market capitalisation	50.7 ⁽³⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

(1) Based on the net asset value of the HLN Group as at 30 June 2017 of approximately S\$5.74 million, and the net asset value of the Group as at 30 June 2017 of approximately S\$22.16 million.

- (2) "Net profits" is defined to be profit or loss before income tax, non-controlling interests and extraordinary items. Based on the HLN Group's unaudited consolidated net profit of approximately S\$1.19 million in HY2017, and the Group's unaudited consolidated net profit of approximately S\$0.12 million in HY2017.
- (3) Based on the Consideration of S\$2,380,000 and assuming the Group Fixed Assets Consideration to be the net book value of the Group Fixed Assets as at 30 June 2017 of approximately S\$1,930,000, and the Company's market capitalisation of approximately S\$8,500,000. The market capitalisation of the Company was computed based on 177,072,685 issued shares of the Company ("**Shares**") and the volume weighted average price of S\$0.048 per Share on 20 October 2017 (being the last day on which the Shares were traded prior to the date of the SPA).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

3.2 Pursuant to Practice Note 10(A) paragraph 8(a) of the Catalist Rules, the disposal of the issuer's core business (or a substantial part of its core business) will usually result in a material change to the nature of the issuer's business, and shareholders should have an opportunity to consider the future direction of the issuer and Rule 1014 of the Catalist Rules will be applied. As the HLN Group is a part of the Company's core business, the Company will be seeking Shareholders' approval for the Proposed Sale as a major transaction under Chapter 10 of the Catalist Rules at the EGM to be convened.

4 RATIONALE FOR THE PROPOSED SALE

The Board considers that the Proposed Sale is in the interest of the Company and its Shareholders, taking into consideration the following factors:

- (a) save for HY2017, the HLN Group's business has been loss-making in recent years and continues to operate in a challenging environment with rising costs and sluggish demand due to increased competition in the industry in the region; and
- (b) the Proposed Sale will enable the Company to reduce its liabilities, improve its gearing and secure funds through the Trade Debt Repayment and the Consideration, which can be deployed for expansion into other businesses and undertake new investment opportunities that may arise in the future, which may result in higher value to the Shareholders.

5 USE OF PROCEEDS FROM THE PROPOSED SALE

The estimated net proceeds from the Proposed Sale, after deducting estimated expenses of approximately S\$0.06 million, is approximately S\$2.32 million plus the Group Fixed Assets Consideration ("**Net Proceeds**"). The Net Proceeds are intended to be used for the reinvestment into new businesses of the Group when suitable opportunities arise in order to enhance Shareholders' value, and for the Group's general working capital as the Directors may deem fit in their absolute discretion.

Pending the deployment of the Net Proceeds, such proceeds may be placed as short term deposits with financial institutions and/or invested in short term money markets or debt

instruments or for any other purposes on a short term basis as the Directors may in their absolute discretion deem fit, from time to time.

6 FINANCIAL INFORMATION

6.1 Value attributable to the HLN Group

(a) Book value

Based on the unaudited consolidated financial statements of the Group for HY2017, (i) the book value attributable to the Sale Shares as at 30 June 2017 amounted to approximately S\$22.16 million; (ii) the net book value attributable to the Sale Shares as at 30 June 2017 amounted to approximately S\$5.74 million; and (iii) the net book value of the Group Fixed Assets amounted to approximately S\$1.93 million.

(b) Net tangible assets ("NTA")

Based on the unaudited consolidated financial statements of the Group for HY2017, the NTA attributable to the Sale Shares as at 30 June 2017 amounted to approximately S\$5.74 million. Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("FY2016"), the NTA attributable to the Sale Shares as at 31 December 2016 amounted to approximately S\$5.26 million.

(c) Latest available open market value

The open market value of the Sale Shares is not available as the shares of HLN Rubber are not publicly traded. No valuation of the Sale Shares was commissioned.

6.2 Deficit of proceeds over book value and loss on disposal

Based on the unaudited consolidated financial statements of the Group for HY2017 where net book value of the Sale Shares amounted to approximately S\$5.74 million, and assuming that the Consideration amounted to approximately S\$4.31 million (being the aggregate of S\$2.38 million and S\$1.93 million, which represents the approximate net book value of the Group Fixed Assets as at 30 June 2017) and estimated expenses of the Proposed Sale of S\$0.06 million, the net proceeds from the Proposed Sale will represent a deficit of S\$1.49 million over the net book value of the Sale Shares. Accordingly, the Proposed Sale will result in a loss on disposal of approximately \$1.49 million.

6.3 Net profit/(loss) attributable to the Sale Shares

Based on the unaudited consolidated financial statements of the Group for HY2017, the net profit attributable to the Sale Shares amounted to approximately S\$1.19 million. Based on the audited consolidated financial statements of the Group for FY2016, the net loss attributable to the Sale Shares amounted to approximately S\$0.18 million.

7 FINANCIAL EFFECTS OF THE PROPOSED SALE

The *pro forma* financial effects of the Proposed Sale on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company or the Group after the Completion.

The *pro forma* financial effects of the Proposed Sale have been prepared based on the audited consolidated financial statements of the Group for FY2016, and on the following bases and assumptions:

- (a) the expenses to be incurred in connection with the Proposed Sale is approximately S\$0.06 million; and
- (b) the Group Fixed Assets Consideration is approximately S\$1.93 million, and accordingly, the total Consideration amounted to approximately S\$4.31 million.

Share capital

As the Proposed Sale does not involve the allotment and issue of any new Shares in the Company, the Proposed Sale will not have any impact on the share capital of the Company.

NTA

Assuming that the Proposed Sale had been completed on 31 December 2016, being the end of the most recently completed financial year of the Company, the effect of the Proposed Sale on the NTA per share of the Company is as follows:

	Before the Proposed Sale	After the Proposed Sale
NTA (S\$)	21,530,506	20,043,319
Number of Shares	142,072,685	142,072,685
NTA per Share (S\$ cents)	15.15	14.11

Loss per share ("LPS")

Assuming that the Proposed Sale had been completed on 1 January 2016, being the beginning of the most recently completed financial year of the Company, the effect of the Proposed Sale on the EPS of the Company is as follows:

	Before the Proposed Sale	After the Proposed Sale
Net loss attributable to Shareholders (S\$)	(596,348)	(1,908,117)
Weighted average number of Shares	141,008,273	141,008,273
LPS (S\$ cents)	(0.42)	(1.35)

8 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the controlling shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Proposed Sale (other than arising from their shareholdings in the Company, if any).

9 SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Sale. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours from 9 a.m. to 5 p.m at the Company's registered office at 16 Kallang Place, #01-16, Singapore 339156 for a period of three (3) months from the date of this announcement.

11 EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Sale and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.

12 CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SPA has been entered into, Completion of the Proposed Sale is subject to the Conditions Precedents being fulfilled and/or waived and there is no certainty or assurance as at the date of this announcement that the Proposed Sale will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealing with the shares of the Company. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Sale carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Cheong Weixiong
Executive Director and Group Chief Executive Officer
22 October 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte Ltd at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.