

CIRCULAR DATED 7 SEPTEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Sinjia Land Limited (the “Company”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Sinjia Land Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular, including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr. Bernard Lui, at telephone no. (65) 6389 3000; email address bernard.lui@stamfordlaw.com.sg.

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



SINJIA LAND
limited

SINJIA LAND LIMITED

(Incorporated in Singapore on 26 February 2004)
(Company Registration Number: 200402180C)

CIRCULAR TO SHAREHOLDERS

in relation to:

- (1) THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE PROPOSED PROPERTY BUSINESS (AS DEFINED HEREIN); AND**
- (2) THE PROPOSED ACQUISITION OF 240,000 ORDINARY SHARES IN G4 STATION PTE. LTD. AND THE PROPOSED ALLOTMENT AND ISSUE OF 1,412,765 CONSIDERATION SHARES (AS DEFINED HEREIN) TO THE VENDOR (AS DEFINED HEREIN).**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	21 September 2016 at 3 p.m.
Date and time of Extraordinary General Meeting	:	23 September 2016 at 3 p.m.
Place of Extraordinary General Meeting	:	TKP Conference Centre Cecil Street 137 Cecil Street, Level 3, Osaka 1 Singapore 069537

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

Companies, Organisations and Agencies

“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Sinjia Land Limited
“Group”	:	The Company and its subsidiaries
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sponsor”	:	Stamford Corporate Services Pte. Ltd.
“Target”	:	G4 Station Pte. Ltd. (Company Registration No. 200807943R), a company incorporated in Singapore

General

“1H2016”	:	The six (6) month financial period ended 30 June 2016
“Board”	:	The board of Directors of the Company
“Business Day”	:	A day on which banks are generally open for business in Singapore (other than Saturdays, Sundays and days which are gazetted as public holidays)
“Cash Consideration”	:	S\$531,200 in cash, payable by the Company to the Vendor to satisfy in part the Consideration for the Proposed Acquisition
“Catalist”	:	The Catalist board of the SGX-ST
“Catalist Rules”	:	The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, modified, supplemented or revised from time to time
“Circular”	:	This circular to Shareholders dated 7 September 2016
“Clean Energy Business”	:	The business of developing and installing fuel cells and other clean energy systems for the generation and sale of electricity
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified, supplemented or revised from time to time
“Completion”	:	Completion of the Proposed Acquisition in accordance with the Sale and Purchase Agreement

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“Completion Date”	:	The date on which Completion is to take place
“Conditions”	:	Has the meaning ascribed to it in Section 4.4(b) (<i>Conditions Precedent</i>) of this Circular
“Consideration”	:	The aggregate consideration of S\$664,000 for the Proposed Acquisition to be satisfied by way of a combination of the Cash Consideration and the allotment and issue of the Consideration Shares
“Consideration Adjustment”	:	Has the meaning ascribed to it in Section 4.4(a) (<i>Consideration</i>) of this Circular
“Consideration Balance Sheet”	:	Has the meaning ascribed to it in Section 4.4(a) (<i>Consideration</i>) of this Circular
“Consideration Shares”	:	Has the meaning ascribed to it in Section 4.4(a) (<i>Consideration</i>) of this Circular
“Current Business”	:	The current business of the Group which comprises the (i) Engineering Business; and (ii) the Clean Energy Business
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to be held on 23 September 2016 at TKP Conference Centre Cecil Street, 137 Cecil Street, Level 3, Osaka 1, Singapore 069537, at the notice of which is set out on pages N-1 to N-2 of this Circular.
“Engineering Business”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“EPS”	:	Earnings per Share
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company of 140,659,920 Shares (excluding treasury shares) as at the Latest Practicable Date
“FY”	:	Financial year ended or ending 31 December, as the case may be
“G4 Shares”	:	240,000 ordinary shares in the share capital of the Target, representing 80% of the issued and paid-up share capital of the Target
“Hostel”	:	G4 Station Backpackers Hostel, a hostel located at 11 Mackenzie Road, Singapore 228675

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“Hotels Act”	:	Hotels Act, Chapter 127 of Singapore, as may be amended, modified, supplemented or revised from time to time
“Issue Price”	:	The issue price of S\$0.094 per Consideration Share
“Latest Practicable Date”	:	30 August 2016, being the latest practicable date prior to the printing of this Circular
“Long-Stop Date”	:	5 July 2017 or such other date as the parties to the Sale and Purchase Agreement may agree in writing, being the long-stop date for Completion
“Market Day”	:	A day on which Catalist is open for trading in securities
“Notice of EGM”	:	The notice of EGM set out on pages N-1 to N-2 of this Circular
“NTA”	:	Net tangible assets
“Property Related Assets”	:	Residential, hospitality, commercial (retail and office), industrial and any other types of properties (including but not limited to mixed development properties). Please refer to Section 2.2 (<i>Information regarding the Proposed Diversification</i>) of this Circular for more information
“Proposed Acquisition”	:	The proposed acquisition of the G4 Shares by the Company from the Vendor for the Consideration, on the terms and subject to the conditions of the Sale and Purchase Agreement
“Proposed Diversification”	:	The proposed diversification of the Current Business to include the Proposed Property Business as described in Section 2 (<i>The Proposed Diversification</i>) of this Circular
“Proposed Property Business”	:	The business comprising property development, property investment and property management
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	Register of members of the Company
“Resolutions”	:	The ordinary resolutions set out in the Notice of EGM
“Sale and Purchase Agreement”	:	The sale and purchase agreement dated 5 July 2016 entered into between the Company and the Vendor in relation to the Proposed Acquisition

DEFINITIONS

“Securities Account”	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“Shareholders”	:	The registered holders of Shares in the Register of Members, except that where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Shares”	:	Ordinary shares in the capital of the Company
“subsidiaries”	:	Has the meaning ascribed to it in Section 5 of the Companies Act and “subsidiary” shall be construed accordingly
“Substantial Shareholder”	:	A person who has an interest (as defined in the Companies Act) in voting shares in a company where the total votes attached to such shares is not less than 5% of the aggregate votes attached to all the voting shares in the company
“Total Assets”	:	Has the meaning ascribed to it in Section 4.4(a) (<i>Consideration</i>) in this Circular
“Total Liabilities”	:	Has the meaning ascribed to it in Section 4.4(a) (<i>Consideration</i>) in this Circular
“Valuation Report”	:	Has the meaning ascribed to it in Section 4.4(a) (<i>Consideration</i>) in this Circular
“Vendor”	:	Mr. Tan Sze Seng
“VWAP”	:	Volume-weighted average price
<u>Currencies and Others</u>		
“S\$” and “cents”	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore
“%”	:	Per centum or percentage

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act or the Catalist Rules or such modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the figures in this Circular between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the Catalist Rules and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SINJIA LAND LIMITED

(Incorporated in Singapore on 26 February 2004)
(Company Registration Number: 200402180C)

Directors:

Mr. Li Anhua (*Non-Executive Chairman and Independent Director*)
Mr. Cheong Weixiong (*Group Chief Executive Officer and Executive Director*)
Mr. Cheung Chi Kin, Ken (*Independent Director*)
Mr. Lee Jim Teck, Edward (*Independent Director*)

Registered Office:

16 Kallang Place
#01-16
Singapore 339156

7 September 2016

To: The Shareholders of Sinjia Land Limited

Dear Sir/Madam,

- (1) **THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE PROPOSED PROPERTY BUSINESS; AND**
- (2) **THE PROPOSED ACQUISITION OF 240,000 ORDINARY SHARES IN G4 STATION PTE. LTD. AND THE PROPOSED ALLOTMENT AND ISSUE OF 1,412,765 CONSIDERATION SHARES (AS DEFINED HEREIN) TO THE VENDOR.**

1. INTRODUCTION

1.1. Overview

On 5 July 2016, the Company announced (a) its intention to diversify the Current Business to include the Proposed Property Business; and (b) that it had, on 5 July 2016, entered into the Sale and Purchase Agreement with the Vendor in respect of the Proposed Acquisition, whereby the Company shall acquire 240,000 ordinary shares in the Target (the "**G4 Shares**"), representing 80% of the issued and paid-up share capital of the Target, for the Consideration of S\$664,000, to be satisfied in full by a combination of the issue of 1,412,765 Consideration Shares in satisfaction of S\$132,800 of the Consideration and the payment of cash for any such balance Consideration after the Consideration Adjustment.

The principal terms and conditions of the Proposed Diversification and the Proposed Acquisition are set out in Sections 2 (*The Proposed Diversification*) and 4 (*The Proposed Acquisition*) of this Circular respectively.

1.2. Extraordinary General Meeting

The Directors are convening an EGM to be held at TKP Conference Centre Cecil Street, 137 Cecil Street, Level 3, Osaka 1, Singapore 069537, on 23 September 2016 at 3 p.m. to seek Shareholders' approval for (a) the Proposed Diversification; and (b) the Proposed Acquisition.

LETTER TO SHAREHOLDERS

1.3. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information pertaining to (a) the Proposed Diversification; and (b) the Proposed Acquisition, and to seek Shareholders' approval for the Resolutions set out in the Notice of EGM.

1.4. Inter-conditionality

Shareholders should note the following:

- (a) Resolution 1 in respect of the Proposed Diversification is neither subject to nor conditional upon the passing of Resolution 2; and
- (b) Resolution 2 in respect of the Proposed Acquisition is subject to and conditional upon the passing of Resolution 1.

2. THE PROPOSED DIVERSIFICATION

2.1. Current Business

The Group is principally engaged in the manufacture and sale of customised precision elastomeric and polymeric components to various industries (the "**Engineering Business**").

On 28 April 2014, approval was given by Shareholders for the diversification of the business of the Group to include the Clean Energy Business in order to expand and diversify the Group's portfolio and improve its future growth prospects. Please refer to the Company's circular to Shareholders dated 11 April 2014 for more information on the Clean Energy Business.

As at the Latest Practicable Date, the subsidiaries of the Company and their principal activities are as follows:

Name of Subsidiary	Country of Incorporation	Equity Interest of the Group	Principal Activities
<u>Held by the Company</u>			
HLN Micron Pte Ltd	Singapore	100%	Investment holding company
HLN Rubber Products Pte Ltd	Singapore	100%	Precision elastomeric moulding of rubber components
Sinjia Properties Pte. Ltd. (f.k.a. Process Innovation Technology Pte Ltd)	Singapore	100%	Precision polymeric die-cutting of foams and other materials
Sinjia RTE Solutions Pte Ltd	Singapore	51% ⁽¹⁾	Procuring, assembling and installing fuel cell systems for generation of electricity and production of synthetic diesel
Greatly Holdings Investment Limited	British Virgin Islands	50.54% ⁽²⁾	Investment holding company

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Name of Subsidiary	Country of Incorporation	Equity Interest of the Group	Principal Activities
<u>Held by HLN Rubber Products Pte Ltd</u>			
HLN (Suzhou) Rubber Products Co., Ltd.	China	100%	Precision elastomeric moulding of rubber components
PT HLN Batam	Indonesia	100%	Precision elastomeric moulding of rubber components
HLN Rubber Industries Sdn Bhd	Malaysia	100%	Precision elastomeric moulding of rubber components
<u>Held by HLN Micron Pte Ltd</u>			
HLN Technologies Sdn Bhd	Malaysia	100%	Dormant

Notes:

- (1) The remaining 49% equity interest in Sinjia RTE Solutions Pte Ltd is held by Real Time Engineering Pte. Ltd.
- (2) The Company had previously entered into an agreement to dispose of the shares held in Greatly Holdings Investment Limited. As at the Latest Practicable Date, there has been a delay in the completion of such disposal and the Company still holds 58.33% of the share capital of Greatly Holdings Investment Limited. Please refer to the Company's announcement dated 15 January 2016 for the latest update on the status of the disposal of Greatly Holdings Investment Limited.

2.2. Information regarding the Proposed Diversification

Subject to Shareholders' approval at the EGM, the Board proposes to diversify the Current Business to include the Proposed Property Business (as described below) as and when suitable opportunities arise:

- (a) property development activities including acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including but not limited to mixed development properties) ("**Property Related Assets**");
- (b) holding of Property Related Assets as long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities; and
- (c) the management of Property Related Assets.

The Group may also, as part of the Proposed Property Business, invest in or acquire or dispose of shares or interests in any entity that is in the Proposed Property Business.

The Company does not plan to restrict the Proposed Property Business to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed Property Business as and when the opportunity arises.

The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of each project, the amount of investment

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required and the risks associated with such an investment, the nature of expertise required, the period of time that is required to complete the project and the conditions in the property market, taking into account the opportunities available.

2.3. Rationale for the Proposed Diversification

(a) Enhancing Shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. The Directors believe that the Proposed Diversification will help to reduce the Group's reliance on its existing business by moderating the fluctuation of income from projects undertaken for the Current Business, which have seen eroding profit margins due to, amongst other things, the increase in minimum wages in China, Indonesia and Malaysia, countries where the Group has operations. The Directors further believe that the Proposed Diversification will present the Group with new business opportunities, provide the Group with new revenue streams and improve the prospects of the Group, so as to enhance Shareholders' value.

(b) Reduction of administrative time and expenses

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds (i) for an acquisition, 75% but less than 100%, or (ii) for a disposal, 50% ("**Major Transaction**"). A Major Transaction must be made conditional upon approval by Shareholders. For further details of Rules 1006 and 1014, please refer to the Catalist Rules.

A Major Transaction does not include an acquisition or disposal which is in, or in connection with, the ordinary course of an issuer's business or of a revenue nature. In addition, pursuant to Practice Note 10A of the Catalist Rules, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of an issuer's existing business. Practice Note 10A of the Catalist Rules further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders' approval.

Upon approval by Shareholders of the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the Proposed Property Business that will not change the Group's risk profile, without having to seek Shareholders' approval, notwithstanding that any relative figure(s) under Rule 1006 of the Catalist Rules exceeds 75%. This will substantially reduce the administrative time and expenses in convening separate general meetings to seek Shareholders' approval and consequently, facilitate the Group's pursuit of its corporate objectives and increase the Group's responsiveness to available business opportunities.

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For the avoidance of doubt, notwithstanding approval by Shareholders of the Proposed Diversification, in respect of any transaction:

- (i) which falls within the definition of Rule 1002(1) of the Catalist Rules, Rules 1010, 1013 and 1014 of the Catalist Rules will still apply to such transaction;
- (ii) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or will result in a change in control of the issuer, Chapter 10 of the Catalist Rules (including Rule 1015) will continue to apply to such transaction, and such transaction must, amongst other things, be made conditional upon the approval of Shareholders;
- (iii) which constitutes an interested person transaction (as defined under the Catalist Rules), Chapter 9 of the Catalist Rules will continue to apply to such transaction; or
- (iv) which changes the risk profile of the Company, in light of Practice Note 10A of the Catalist Rules, such transaction may still be subject to Shareholders' approval.

The Board is of the view that the Proposed Diversification to undertake the Proposed Property Business is in the best interest of the Group and will help to build a more balanced and well-diversified portfolio for the Group. The Company will make the appropriate announcements as and when such actions are taken and will seek Shareholders' approval if required.

2.4. Prospects and Future Plans for the Proposed Property Business

The following discussions about the Group's prospects include forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those that may be projected in these forward looking statements. Please also refer to the section entitled "*Cautionary Note on Forward-Looking Statements*" of this Circular.

(a) Prospects

The Company believes that the Proposed Property Business will have room for growth in the markets that it intends to operate in, such as Singapore. In particular, the Company is optimistic about the medium term prospects for the Singapore tourism industry. A booming tourism sector would contribute to the business of the Target.

Particularly, the increasing affluence and disposable incomes of Asian economies surrounding Singapore will contribute to the rise of intra-Asia travel. This can be seen from the doubling of tourist arrivals to Singapore over the last 10 years. As noted in the Valuation Report, for the year of 2016, the Singapore Tourism Board has also forecasted the number of international visitor arrivals to be in the range of 15.2 million to 15.7 million. Coupled with the advent of Changi Airport Terminals 4 and 5, the Singapore tourism sector is likely to continue its strong growth.

The lack of economy class hotels in Singapore further indicate that the business of the Target will benefit from the growth of the tourism sector.

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(b) Future Plans

The entry into the Proposed Property Business is intended to be an expansion of the Current Business as the Board believes that the Proposed Diversification would allow the Group to have better prospects of profitability and ensure long term growth by enabling the Group to have access to new business opportunities which in turn could potentially enhance the return on the Group's assets and improve Shareholders' value in the long run.

As at the Latest Practicable Date, the Company has entered into the Sale and Purchase Agreement for the acquisition of the G4 Shares, representing 80% of the issued and paid-up share capital of the Target. The Company intends to leverage on the Target's economy class hotel management experience and licences to expand into the economy class hotel management business. Particularly, the Company intends to leverage on such experience and network in acquiring, amongst other things, more economy class hotels to develop an economy class hotel chain to diversify and generate additional revenue streams for the Group.

Furthermore, the Group intends to strengthen the business of the Target by (i) having tie-ups with travel operators to bring in more guests; (ii) procuring long-term staying guests from companies that act as agencies for contract employment; and (iii) carrying on promotional activities during the low season.

As at the Latest Practicable Date, the Group is considering several opportunities but no specific investments have been selected or confirmed for the Proposed Property Business, save for the Proposed Acquisition. The Group will update Shareholders at the opportune time when it has confirmed specific investments.

2.5. Managing the Proposed Property Business

Although the Proposed Property Business is different from the Current Business, the Board does not see an immediate need to engage personnel with direct expertise or experience in the Proposed Property Business as it recognises that the relevant experience and expertise required can be acquired and developed by the Group over time as it progresses in the Proposed Property Business. The marketing and business development strategies for the Proposed Property Business will be supervised and governed by the Board and senior management of the Group. The Board and senior management of the Group comprise individuals with varied qualifications and experience who will provide the strategic vision and policy on the Proposed Property Business.

In particular, the Board believes that it will be able to leverage on the experience in property management of the Vendor, Mr. Tan Sze Seng. The Vendor has had many years of experience in property management and is validly licenced to manage the Hostel under the Hotels Act. The Vendor will continue to be engaged in the management of the Hostel after Completion.

In making decisions, the Board and senior management will seek the advice of reputable external consultants and experts where necessary and appropriate. The Group intends to engage in the Proposed Property Business incrementally; it will monitor developments and progress in the Proposed Property Business and take the necessary steps to identify suitable candidates both from within the Group as well as externally to manage the Proposed Property Business to take it forward as and when required. In addition, the Group

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will evaluate the manpower and expertise required for the Proposed Property Business and will as and when required hire suitably qualified personnel, external consultants, external industry experts and professionals for the Proposed Property Business.

The Group may foster partnerships with various third parties in the relevant industries to assist it in undertaking the Proposed Property Business more effectively and efficiently as the Group seeks to build its expertise and capabilities in this field. Such partnerships may be done either on a case by case basis or on a term basis. Where necessary, work may be outsourced to reputable third parties who have expertise in the relevant area in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the party concerned.

The Group recognises that although complementary, the Proposed Property Business is different from its Current Business. However the Group is confident of developing and building up the expertise required for the Proposed Property Business over time. The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Proposed Property Business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

2.6. Risk Factors

The Board believes that the Proposed Diversification and the expansion of the Group's business activities may change the risk profile of the Company.

The Group could be affected by a number of risks that may relate to the Proposed Property Business or risks that may relate to the markets in which the Proposed Property Business is intended to be engaged. Risks may arise from, amongst other things, economic, business, market and political factors, including the risks set out below.

To the best of the Directors' knowledge and belief, all the risk factors that are material to Shareholders in making an informed decision on the Proposed Diversification have been set out below.

If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Property Business, this may have a material and adverse impact on the Proposed Property Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted.

The risks described below are not intended to be exhaustive and are not presented in any particular order of importance. There may be additional risks not presently known to the Group or that the Group may currently deem immaterial, which could affect its operations.

The risks discussed below also include forward-looking statements and the Company's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Please also refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Circular.

Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

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(a) The Group has limited track record or experience in the Proposed Property Business

The Group has limited track record in carrying out the Proposed Property Business. There is no assurance that the Proposed Property Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Proposed Property Business. The Proposed Property Business may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Proposed Property Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed Property Business effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the property market in the region, as well as the trends and developments affecting the building and construction industry in general. The building and construction industry in turn is affected by general economic conditions such as changes in interest rates and relevant government policies and measures.

(b) The Group may not have the ability nor sufficient expertise to execute the Proposed Property Business

The Group's ability to successfully diversify into the Proposed Property Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed Property Business. There is no assurance that the existing experience and expertise of the Directors or the senior management of the Group will be sufficient for the Proposed Property Business, or that the employees hired by the Group to implement the Proposed Property Business will have the relevant experience and knowledge. The Group may also appoint third party professionals, third party contractors, and/or foster partnerships with various third parties to assist it in undertaking the Proposed Property Business more effectively and efficiently. However, there is no assurance that these third party professionals and/or third party contractors will be able to deliver and/or that these partnerships will be successful. As such, the Group may not be able to successfully implement the Proposed Property Business and this may adversely affect the Group's financial performance and profitability.

While the Company may be able to leverage on the business experience of the Target and the Vendor in the property management industry and the Group intends to hire new employees, partners and/or consultants where necessary to undertake projects for the Proposed Property Business, the Group may face difficulties in its recruitment due to the specialised nature of the Proposed Property Business. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel, the Group's business, results of operations and financial conditions may be adversely affected.

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- (c) The Group may be faced with limited availability of funds and is subject to financing risks

If the Group is unable to maintain sufficient working capital to support the future growth of the Proposed Property Business, it may have to raise additional capital. There can be no assurance that the Group will be able to generate sufficient funds internally from its own operations, or secure adequate external financing, either on a short-term or a long-term basis, or obtain such financing on terms which are favourable to the Group. Factors that could affect the Group's ability to procure financing include market disruption risks which may adversely affect the liquidity, interest rates and the availability of funding sources. In the event that the Group is unable to secure sufficient financial resources for the Proposed Property Business, its business, financial performance, financial condition and operating cash flow may be adversely affected.

- (d) The Group may not be able to obtain adequate insurance for the Proposed Property Business

The Group's involvement in the Proposed Property Business may result in the Group becoming subject to liability for, amongst others, property damage, personal injury or other hazards. Although the Group intends to obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Group may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Group. Substantial claims made under the Group's policies could cause premiums to increase, which would in turn increase the Group's cost of operations. Any future damages caused by or to the Group or its assets that are not covered by insurance, in excess of policy limits or are subject to substantial deductibles, or are contested by the insurance companies may adversely affect the business, financial performance, financial condition and operating cash flow of the Group.

- (e) The Group will have to obtain, maintain and renew statutory and regulatory permits and licenses as may be required to operate the Proposed Property Business and any delay or inability to obtain the same may have an adverse impact on the Proposed Property Business

The Proposed Property Business is subject to various statutory and regulatory licences, permits, consents and approvals. In particular, regulatory approvals may be required for, amongst other things, property management, land and title acquisition or divestment and development planning and design, construction, renovation and asset enhancement. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all.

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Failure by the Group to obtain, maintain or renew the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the Proposed Property Business and/or in the interruption of its operations and may have an adverse effect on its business.

In addition, in order to develop and complete a property development, a property developer may be required to obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at the various stages of the property development process (“**Permits**”), including but not limited to, land use rights certificates, planning permits, construction permits, presale permits and certificates or confirmation of completion and acceptance. Such Permits are dependent on the satisfaction of certain conditions; in some circumstances, the Group may apply or may have applied for Permits in parallel with preliminary construction activities. The Group cannot give assurance it is able to fulfil the conditions required for obtaining the Permits, especially as new laws, regulations or policies may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of Permits. If the Group fails to obtain relevant Permits for the Proposed Property Business, any proposed investment may not proceed as scheduled, and the Group’s business, financial condition, results of operations and prospects may be adversely affected.

Any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group. There is no assurance that any changes in the applicable laws and regulations will not have an adverse effect on the financial performance and financial condition of the Group.

(f) The Group may not be able to compete successfully in the Proposed Property Business

The Proposed Property Business is highly competitive and the Group faces competition from existing industry participants as well as new entrants to the Proposed Property Business. Some of these competitors may possess stronger financial resources and/or a better track record that enable them to compete more effectively as compared to the Group. In order to maintain its competitiveness in the Proposed Property Business, the Group may have to offer more competitive prices or try to differentiate itself using more innovative marketing strategies and property designs. For instance, competitive bids are required to secure land parcels for development. The Group will have to compete with other contractors and property developers for such land parcels for property development.

There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt quickly to market conditions, its business operations, financial performance and financial condition may be adversely affected.

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(g) The Group is subject to risks for its proposed property management business

Revenue for the proposed property management business would be derived from the rental collected from the residents in the developments leased or owned and managed by the Group. The Group intends to lease or acquire properties for rental and provide a range of services including, amongst other things, a 24-hour front desk, building and equipment maintenance and repairs and dry cleaning services. The Group intends to hire manpower and purchase the materials and/or equipment required to carry out such services. Should the prices of such manpower and materials increase and the Group be unable to pass on such increase in fees to the customers, the results of the Group's operations and financial condition could be adversely affected.

In addition, the proposed property management business is dependent on the Group's ability to identify and secure suitable properties to acquire or lease, which can be used for the development of, amongst other things, economy class hotels. If it is not successful in securing suitable properties, whether locally or overseas, its future revenue growth may be limited or adversely affected.

(h) The Group is subject to risks of late payment or non-payment by its clients or tenants

The Group may face uncertainties over the timeliness of clients' payments and their solvency or creditworthiness. There is no assurance that the Group will be able to collect payments on a timely basis, or at all.

In the event that there are any defaults or a significant delay in collecting payments, the Group may face stress on its cash flow and a material increase in bad and doubtful debts, which may have an adverse impact on the Group's financial performance.

(i) The operations and profitability of the Proposed Property Business may be disrupted by acts of violence or wars and outbreaks of diseases

Any acts of violence (such as terrorist attacks) or wars in the markets in which the Group operates the Proposed Property Business may lead to uncertainty in the economic outlook of such markets. All these could have a negative impact on the demand for the Group's Proposed Property Business, and the Group's business operations, financial performance, and financial condition may be adversely affected.

Furthermore, an outbreak of infectious diseases such as the Severe Acute Respiratory Syndrome (SARS) in the countries in which the Group operates may adversely affect its business operations, financial performance and financial condition. If an outbreak of such infectious diseases occurs in any of the countries in which the Group has operations in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business operations, financial performance and financial condition. The staff and employees in these countries may also be affected by any outbreak of such infectious diseases and this may affect the Group's day-to-day operations.

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- (j) There may be fluctuations in property prices and the Group may be unable to identify suitable land sites and property development projects

Property prices and the availability of suitable land sites will fluctuate. Should property prices experience a downward trend, the Group's earnings may be adversely affected as the Group may have to postpone the sale of such property development project to a later date. In the event that the Group is required to sell its property development projects at lower prices, the Group's financial performance will be adversely affected.

The Group can build up its land bank by scouting for and acquiring land sites appropriate for its property development projects via offers from private owners, by participating in property auctions and government land sales programmes as well as through third party property agents. The Group will face competition for new land sites from other property developers and there is no assurance that suitable sites will always be available to the Group for the purposes of the property development business. If the Group is not able to procure suitable land sites to carry out its property development projects or carries out property development projects at less favourable locations that may not be as marketable, the Group's sales volume and profitability may be adversely affected.

The Group's performance is also dependent on its ability to identify profitable property development projects, and following such identification, to successfully complete such projects. The viability and profitability of the Group's property development projects are subject to fluctuations and are dependent on, amongst other things, the demand for the Group's development projects, the pricing and number of property development projects and the overall schedules of the Group's projects which are in turn, to a large extent, affected by the market sentiment, market competition, general economic and property markets conditions, as well as government regulations.

- (k) The Group may face potential liability and claims from property development projects and may be involved in legal and other proceedings arising from its operations from time to time

The time required to complete a property development project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including but not limited to adverse weather conditions, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of the Group's contractors, disputes with contractors and unexpected delay in obtaining required approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's profitability or lead to claims for liquidated damages from purchasers of the properties.

Accidents during the course of construction may give rise to personal injuries and third party liability. In addition, the Group may be involved from time to time in disputes with various parties involved in the property development, investment or management projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers, tenants and other partners.

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Claims may also be made against the Group by the owners or occupiers of neighbouring properties in respect of the use and enjoyment of such properties. These disputes may lead to legal and other proceedings. The Group may also have disagreements with regulatory bodies in the jurisdictions in which the Group operates and these may subject the Group to administrative proceedings. In the event that unfavourable decrees are passed by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of its projects. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on the Group's financial performance and financial condition.

- (l) An inability to generate adequate returns on properties acquired or developed and held for long-term investment purposes may result in losses to the Group and may have an adverse impact on the Group's financial position

Property investment is subject to varying degrees of risks. The investment returns available from the property development and property investment business depend, to a large extent, on the amount of capital appreciation generated. The ability to eventually dispose of properties at a profit will depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuations. Further, completed projects and invested properties are relatively illiquid, and the Group may be unable to convert real estate asset portfolio into cash on short notice. To facilitate a sale of illiquid property assets on short notice, the Group may have to lower the selling price substantially. Illiquidity of property assets also limits the Group's ability to vary its portfolio in response to changes in economic or other conditions in a timely manner. In the event of any adverse change in market conditions or a need to lower the prices of properties to effect the sale of properties, the Group may not be able to sell its property projects or property investments at above its costs, resulting in the Group suffering losses on the project or property and adversely affecting the Group's financial position.

In addition, the revenue derived from the rental of the relevant properties may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to secure renewal of tenancies from tenants, the inability to collect rent due to the bankruptcy or insolvency of tenants and the cost from ongoing maintenance, repair and re-letting. In the event that the Group acquires properties for investment and if the Group is unable to generate adequate returns from such investment properties that it acquires, its financial condition and results of operations may be adversely affected.

- (m) The Proposed Property Business could be capital intensive and may not be profitable

The Group's Proposed Property Business may not be profitable, may not achieve sales levels and profitability that justify the investments made or may take a long period of time before the Group can realise any return. The Group's property development activities may entail financial and operational risks, including but not limited to diversion of management attention, difficulty in recruiting suitable personnel and possible negative impacts on the Group's existing business relationships with its customers who may also be engaged in the Proposed Property Business themselves.

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Further, such future plans and new initiatives could be capital intensive and could also result in potentially dilutive issuances of equity securities. The incurrence of capital commitments, debt and contingent liabilities as well as increased operating expenses, may adversely affect the business of the Group. The Group will also face significant financial risks before it can realise any benefits from its future investments in the Proposed Property Business.

- (n) There may be adverse changes in the political, economic, regulatory or social conditions in the countries that the Group intends to expand its business

The future growth of the Proposed Property Business will be affected by the political, economic, regulatory and social conditions in each of the countries that the Group intends to expand its business. The Group's overseas operations will be subject to the laws, regulations and policies of those jurisdictions, including routine and special audits by the local tax authorities. Any economic downturn or changes in policies implemented by the governments in these countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws and changes in duties and taxation may adversely affect the Group's operations, financial performance and future growth.

Wars, unsettled political conditions, social unrest, riots, terrorist attacks and government actions such as possible seizure in countries where the Group and its suppliers and customers may operate could adversely affect the business of the Group, its suppliers and customers as well as impact the ability of the Group's customers to meet their payment obligations to the Group. Such events would also increase the insurance premium for the Group's operations. In the event that any of the above events materialise, the Group's business, financial performance and financial condition would be adversely affected.

- (o) Future acquisitions, joint ventures or other arrangements may expose the Group to increased business and operating risks

The Group may, as a matter of business strategy, invest in or acquire other entities engaged in the Proposed Property Business, or enter into joint ventures or other investment structures in connection with the Proposed Property Business. Acquisitions that the Group may make, along with potential joint ventures and other investments, may expose the Group to additional business and operating risks and uncertainties, including:

- direct and indirect costs in connection with the transaction;
- the inability to effectively integrate and manage acquired business;
- the inability or unwillingness of joint venture partners to fulfil their obligations under the relevant joint venture agreements;
- the inability of the Group to exert control over strategic decisions made by these companies;
- time and resources expended to coordinate internal systems, controls, procedures and policies;

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- disruption in ongoing business and the diversion of management's time and attention from other business concerns;
- the risk of entering markets in which the Group may have no or limited prior experience;
- the potential loss of key employees and customers of the acquired businesses;
- the risk that an investment or acquisition may reduce the Group's future earnings; and
- exposure to unknown liabilities.

If the Group is unable to successfully implement the Group's acquisition or expansion strategy or address the risks associated with acquisitions or expansions, or if the Group encounters unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, the Group's growth and ability to compete may be impaired. The Group may fail to achieve acquisition synergies and the Group may be required to focus resources on integration of operations rather than on the Current Business. Should these occur, the Group's business, financial performance, financial condition and operating cash flow may be adversely affected.

2.7. Financing for the Proposed Diversification

To finance the Proposed Diversification, the Company may, use its internal resources and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping into the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

3. FINANCIAL EFFECTS OF THE PROPOSED DIVERSIFICATION

As at the Latest Practicable Date, the Company is unable to determine the financial impact of the Proposed Diversification on the Group's NTA per Share or EPS as the Proposed Diversification has yet to commence. Should there be any material impact on the Group's NTA per Share or EPS in the future, the Company will make the necessary announcements at the appropriate times.

Please refer to Section 5 (*Financial Effects of the Proposed Acquisition*) of this Circular for the financial effects of the Proposed Acquisition.

4. THE PROPOSED ACQUISITION

The information on the Target and the Vendor was provided by the Vendor. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Circular.

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4.1. Information on the Target

The Target is a Singapore-incorporated company involved in the business of, amongst other things, managing hostels. It has an established track record in the economy class hotel management industry, having been in operation since 2009, with an experienced management team. The Target has obtained all necessary licenses under the Hotels Act for its current operations.

As at the Latest Practicable Date, the Target manages G4 Station Backpackers Hostel (the "Hostel"), which is located in Singapore and has a total of 23 rooms and 89 beds and a total gross floor area of approximately 574.8 square feet. The Hostel is currently leased out to the Target for three (3) years commencing from 1 August 2015, and the Target has the option to renew the tenancy for another three (3) years until 31 July 2021. The monthly rental paid by the Target for the Hostel is S\$22,000.00, inclusive of goods and services tax, maintenance and service charges, if any. Based on the unaudited financial statements of the Target as at 31 March 2016, the net asset value attributable to the G4 Shares is S\$89,423.17.

4.2. Information on the Vendor

The Vendor has many years of experience in property management. He is currently a director of the Target and validly licensed to manage the Hostel under the Hotels Act. The Vendor will continue to be involved in the management of the Hostel after Completion.

None of the Company's Directors and their associates is related to the Vendor and/or the Target. To the best of the Directors' knowledge, none of the Substantial Shareholders of the Company and their associates are related to the Vendor and/or the Target.

4.3. Summary of Financial Information of the Target

(a) Summary of Audited Income Statement

A summary of the Target's audited income statement for the financial years ended 31 March 2014 and 31 March 2015 and unaudited income statement for the financial year ended 31 March 2016 are set out below:

	Financial year ended 31 March 2014 (S\$)	Financial year ended 31 March 2015 (S\$)	Financial year ended 31 March 2016 (S\$)
Revenue	524,124	466,508	496,103
Costs of Sales	(54,433)	(59,023)	39,179
Gross Profit	469,691	407,485	456,924
Other Operating Income	64,954	72,896	9,044
Expenses	(639,000)	(592,819)	(667,300)
(Loss)/Profit before tax	(104,355)	(112,438)	(201,332)
(Loss)/Profit after tax	(104,355)	(112,438)	(201,332)

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(b) Summary of Unaudited Balance Sheet

A summary of the Target's unaudited balance sheet as at 31 March 2016 is set out below:

	As at 31 March 2016 (S\$)
Fixed Assets	2,144
Current Assets	110,329
Non-current Liabilities	–
Current Liabilities	23,050
Net Assets	89,423

4.4. Principal Terms of the Proposed Acquisition

(a) Consideration

The Consideration of S\$664,000 is to be satisfied in full as follows:

- (i) S\$132,800 shall be satisfied by the allotment and issuance of 1,412,765 new ordinary shares (the “**Consideration Shares**”) in the share capital of the Purchaser to the Vendor, at a price of S\$0.094 per Consideration Share; and
- (ii) subject to the Consideration Adjustment, the balance of the Consideration shall be paid by the Purchaser to the Vendor by way of cashier's order or banker's draft, or in such manner as the parties may agree in writing, on the Completion Date.

The Issue Price of S\$0.094 per Consideration Share represents a 34.39% premium to the VWAP of the Shares on 4 July 2016, being the last Market Day (on which trades were carried out) preceding the date of the Sale and Purchase Agreement.

The Consideration shall be subject to adjustment on the Completion Date (the “**Consideration Adjustment**”) based on the unaudited balance sheet of the Target (which shall be prepared by the Vendor in accordance with prevailing accounting standards in Singapore) one (1) business day before the Completion Date (the “**Completion Balance Sheet**”) as follows:

- (i) if the value of the total assets as reflected in the Completion Balance Sheet (the “**Total Assets**”) exceeds the value of total liabilities as reflected in the Completion Balance Sheet (the “**Total Liabilities**”), the Consideration shall be increased by an amount equal to such excess of the Total Assets over the Total Liabilities; and
- (ii) if the Total Assets is less than the Total Liabilities, the Consideration shall be reduced by an amount equal to such deficit of the Total Assets below the Total Liabilities and if such deficit exceeds the Consideration, the Sale and Purchase Agreement shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party for costs, damages,

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compensations or otherwise by reason of such termination, without prejudice to any claim by any party arising from an antecedent breach by the other party of the terms the Sale and Purchase Agreement.

The Consideration was arrived at on a willing-buyer and willing-seller basis, and the Board took into consideration the track record, branding, goodwill, licensing and potential of the Target. There is no open market value for the G4 Shares as the shares of the Target are not publicly traded. The Company also took into account a business valuation report of the Target dated 12 February 2016 by ATS Advisory Services (the “**Valuation Report**”). The Valuation Report was commissioned by the Company and concludes that the Consideration is fair and reasonable at the current market conditions.

The Company will be making an application to the SGX-ST through the Sponsor for the listing of and quotation for the Consideration Shares on Catalist, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

The Consideration Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Consideration Shares.

(b) Conditions Precedent

Completion is conditional upon, amongst other things, the following conditions (the “**Conditions**”) being fulfilled on or before 5 July 2017 (the “**Long-Stop Date**”), unless otherwise waived in writing by the Company:

- (i) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Consideration Shares on Catalist, and such listing and quotation notice not being revoked, rescinded or cancelled;
- (ii) no Material Adverse Change (as defined in the Sale and Purchase Agreement) having occurred between 31 March 2016, being the relevant accounts date, and the date of Completion; and
- (iii) the approval of Shareholders being obtained at the EGM for the Proposed Acquisition and the allotment and issuance of the Consideration Shares and the Proposed Diversification.

If any of the Conditions set out above are not fulfilled or waived, as the case may be, by the Company by the Long-Stop Date, the Sale and Purchase Agreement shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party for costs, damages, compensations or otherwise by reason of such termination, without prejudice to any claim arising from an antecedent breach of the terms of the Sale and Purchase Agreement.

Completion of the Proposed Acquisition shall take place within 10 business days upon the satisfaction and/or waiver of the Conditions, or such other date (not being later than the Long-Stop Date) as parties may agree in writing.

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4.5. Rationale for and benefits of the Proposed Acquisition

Having considered the terms of the Proposed Acquisition, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company and Shareholders for the following reasons:

- (a) the Target's business is asset light and will provide an effective contrast to the Group's more capital intensive engineering and manufacturing business, resulting in the diversification of the Group's income streams and risk exposure; and
- (b) the Company will be able to leverage on the Target's economy class hotel management experience and licences to expand into the economy class hotel management business, which is in line with the Company's intention to diversify the Group's business to include the Proposed Property Business, subject to Shareholders' approval.

Please refer to Section 2 (*The Proposed Diversification*) of this Circular for information on the Proposed Property Business.

4.6. Financing for the Proposed Acquisition

The Cash Consideration will be funded by internal resources of the Company.

4.7. Relative Figures Calculated under Rule 1006 of the Catalist Rules

Based on the unaudited consolidated financial statement of the Group for 1H2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are calculated as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	N.A. ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the G4 Shares, compared with Group's net profits ⁽²⁾	93.83 ⁽³⁾
(c)	The Consideration compared with the Company's market capitalisation of approximately S\$9,846,194 ⁽⁴⁾	6.74
(d)	The number of Consideration Shares issued by the Company, compared with the number of Shares (excluding treasury shares) previously in issue	1.00
(e)	The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	N.A. ⁽⁵⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

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- (3) The relevant figure was calculated based on the Group's unaudited net loss of approximately S\$65,734 for 1H2016 and the Target's unaudited net loss of approximately S\$61,675 for the same financial period ended 30 June 2016 that is attributable to the G4 Shares.
- (4) The market capitalisation of the Company was determined by multiplying the number of total issued Shares, being 140,659,920 Shares (excluding treasury shares) by S\$0.070 (being the VWAP of such Shares on 4 July 2016, being the last Market Day (on which trades were carried out) preceding the date of the Sale and Purchase Agreement) (Source: www.shareinvestor.com).
- (5) This is not applicable as the Company is not a mineral, oil and gas company.

The Board notes that the relative figure under Rule 1006(b) of the Catalist Rules was calculated based on the net losses attributable to the G4 Shares proposed to be acquired and the Group's net losses. Under Rule 1007(1) of the Catalist Rules, where any of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules is a negative figure, Chapter 10 may still be applicable to the transaction at the discretion of the SGX-ST. The Sponsor has not sought a ruling by the SGX-ST in this regard and the Company is obtaining Shareholders' approval for the Proposed Acquisition at the EGM.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1. Bases and assumptions

The financial effects of the Proposed Acquisition on (i) the consolidated NTA per Share; and (ii) the consolidated EPS of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2015 and the audited financial statements of the Target for the financial year ended 31 March 2015. The *pro forma* financial effects of the Proposed Acquisition are for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Acquisition.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, amongst other things, the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the NTA per Share of the Group are computed assuming that the Proposed Acquisition had taken place on 31 December 2015;
- (b) the financial effects of the Proposed Acquisition on the EPS of the Group are computed assuming that the Proposed Acquisition had been completed on 1 January 2015; and
- (c) the expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects.

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5.2. NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to the equity holders of the Group (S\$)	21,380,950	21,352,684
Number of Shares	140,659,920	142,072,685
NTA per Share (cents)	15.20	15.03

5.3. EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Group profits after tax (S\$)	(2,534,494)	(2,695,560)
Weighted average number of Shares	140,659,920	142,072,685
EPS (cents)	(1.80)	(1.90)

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders of the Company in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of Director's shareholdings and the register of Substantial Shareholders kept by the Company, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(¹)	No. of Shares	%(¹)	No. of Shares	%(¹)
Directors						
Li Anhua	–	–	–	–	–	–
Cheong Weixiong	2,061,000	1.47	–	–	2,061,000	1.47
Cheung Chi Kin, Ken	–	–	–	–	–	–
Lee Jim Teck, Edward	–	–	–	–	–	–
Substantial Shareholders of the Company other than Directors						
China Infrastructures Global Investment Capital Limited ⁽²⁾	–	–	36,000,000	25.59	36,000,000	25.59
Jimmy Lee Peng Siew	7,855,000	5.58	–	–	7,885,000	5.58

Notes:

- (1) The percentage shareholding interest is based on the Existing Share Capital of 140,659,920 Shares (excluding treasury shares).
- (2) China Infrastructures Global Investment Capital Limited is deemed interested in 36,000,000 Shares held by its nominee, Phillip Securities Pte Ltd.

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None of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Acquisition or the Proposed Diversification, other than through their respective shareholdings in the Company

7. DIRECTORS' SERVICE AGREEMENTS

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

8. DIRECTORS' RECOMMENDATION

The Directors, having fully considered the purposes of the Proposed Diversification and the Proposed Acquisition are of the opinion that the approval of the Proposed Diversification and the Proposed Acquisition are in the best interests of the Company. The Directors accordingly recommend that Shareholders vote in favour of the Resolutions relating to the Proposed Diversification and the Proposed Acquisition at the EGM as set out in the Notice of EGM.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held at TKP Conference Centre Cecil Street, 137 Cecil Street, Level 3, Osaka 1, Singapore 069537, on 23 September 2016 at 3 p.m. for the purpose of considering, and if thought fit, passing with or without any modifications, the Resolutions set out in the Notice of EGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon. The completed and signed proxy form should then be returned as soon as possible and in any event so as to arrive at the Company's registered office at 16 Kallang Place #01-16 Singapore 339156 not later than 48 hours before the time fixed for the EGM. Shareholders who have completed and returned the proxy form may still attend and vote in person at the EGM, if they so wish, in place of their proxy. A proxy need not be a Shareholder.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 48 hours before the EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for the information on the Target and the Vendor in Sections 4.1 (*Information on the Target*) to 4.3 (*Summary of Financial Information of the Target*) of this Circular) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make

LETTER TO SHAREHOLDERS

any statement in this Circular (save for the information on the Target and the Vendor in Sections 4.1 (*Information on the Target*) to 4.3 (*Summary of Financial Information of the Target*) of this Circular) misleading.

Where any information contained in this Circular 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 these sources and reproduced in this Circular in its proper form and context.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 16 Kallang Place #01-16 Singapore 339156 during normal business hours from the date of this Circular up to the time and date of the EGM:

- (a) the constitution of the Company;
- (b) the Sale and Purchase Agreement;
- (c) the Valuation Report; and
- (d) the annual report of the Company for FY2015.

Yours faithfully
For and on behalf of the Board of Directors of
SINJIA LAND LIMITED

Cheong Weixiong
Group Chief Executive Officer and Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

SINJIA LAND LIMITED

(Incorporated in Singapore on 26 February 2004)
(Company Registration Number: 200402180C)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Sinjia Land Limited (the “**Company**”) will be held at TKP Conference Centre Cecil Street, 137 Cecil Street, Level 3, Osaka 1, Singapore 069537, on 23 September 2016 at 3 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTIONS

RESOLUTION 1: THE PROPOSED DIVERSIFICATION INTO THE PROPOSED PROPERTY BUSINESS

THAT:

- (a) approval be and is hereby given for the Company to undertake the proposed diversification of the Group’s business scope to include property development, property investment and property management, which involves, amongst other things, the development of properties for sale, the holding of property related asset as long term investment and the rental of units of property managed by the Group (the “**Proposed Property Business**”);
- (b) the Group be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the Proposed Property Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal; and
- (c) the Directors and any of them be and are hereby authorised to exercise such discretion to do all acts and things, including without limitation to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider desirable, necessary, or expedient to give effect to the matters referred to in the above paragraphs of this Resolution 1 as they or he may in their or his absolute discretion deem fit in the interests of the Group.

RESOLUTION 2: THE PROPOSED ACQUISITION AND THE PROPOSED ALLOTMENT AND ISSUANCE OF 1,412,765 CONSIDERATION SHARES

THAT, contingent upon the passing of Resolution 1 set out herein,

- (a) approval be and is hereby given for the Proposed Acquisition by the Company of 240,000 ordinary shares in G4 Station Pte. Ltd. (the “**Target**”), representing 80% of the issued and paid-up share capital of the Target, for a consideration of \$664,000 to be satisfied in full by such that (i) S\$132,800 shall be satisfied by the allotment and issuance by the Company of 1,412,765 Consideration Shares to the Vendor, at an issue price of S\$0.094 per Consideration Share, upon Completion and (ii) any balance (subject to the Consideration Adjustment (as set out in the Sale and Purchase Agreement)) to be paid by the Company to the Vendor by way of cashier’s order or banker’s draft, or in such manner as the parties may agree in writing on the Completion Date;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Directors be and are hereby authorised to allot and issue 1,412,765 Consideration Shares to the Vendor at an issue price of S\$0.094 per Consideration Share, credited as fully paid, in consideration for the Proposed Acquisition; and
- (c) authority be and is hereby given for the Directors to take such steps, enter into all such transactions, arrangements and agreements and execute, sign, seal and/or deliver all necessary documents as they or each of them may in their or his absolute discretion (as the case may be) deem it necessary, desirable or expedient to give effect to the Proposed Acquisition or to give effect to this Resolution 2 or the transactions contemplated by the Proposed Acquisition

By Order of the Board
Sinjia Land Limited

Cheong Weixiong
Group Chief Executive Officer and Executive Director
7 September 2016

NOTES:

1. Unless defined herein, capitalised terms in the Resolutions set out in this Notice of EGM shall bear the same meanings as in the Circular to Shareholders dated 7 September 2016.
2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
3. The Proxy Form must be deposited at the registered office of the Company at 16 Kallang Place #01-16 Singapore 339156, not less than 48 hours before the time fixed for holding the Extraordinary General Meeting in order to be entitled to attend and to vote at the Extraordinary General Meeting. The sending of a Proxy Form by a member does not preclude him from attending and voting in person if he finds that he is unable to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
4. A Depositor's name must appear on the Depository Register maintained by CDP as at 48 hours before the time fixed for holding the Extraordinary General Meeting in order to be entitled to attend and vote at the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
6. By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

SINJIA LAND LIMITED

(Incorporated in Singapore on 26 February 2004)
(Company Registration Number: 200402180C)

I/We _____ NRIC/Passport No. _____

of _____

being a member/members of SINJIA LAND LIMITED ("the **Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing *him/them, the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting ("**EGM**") of the Company to be held at TKP Conference Centre Cecil Street, 137 Cecil Street, Level 3, Osaka 1, Singapore 069537, on 23 September 2016 at 3 p.m. and at any adjournment thereof.

Note: Please indicate with an "**X**" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising at the EGM not summarised below, the proxy/proxies may vote or abstain from voting as he/they may think fit.

As Ordinary Resolution		For	Against
Resolution 1	To approve the Proposed Diversification		
Resolution 2	To approve the Proposed Acquisition		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of EGM for the full purpose and intent of the Resolutions to be passed.

Dated this _____ day of _____ 2016

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company, at 16 Kallang Place #01-16 Singapore 339156 not less than 48 hours before the time appointed for the holding the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. The submission of an instrument or form appointing a proxy by a Shareholder of the Company does not preclude him from attending and voting in person at the EGM, if he is able to do so.
11. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 48 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.
12. By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.

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