

PROPOSED DISPOSAL OF PROPERTY BY SINJIA PROPERTIES SDN. BHD.

1 INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Sinjia Land Limited (“**Company**”, and together with its subsidiaries, “**Group**”) wishes to announce that its wholly-owned subsidiary, Sinjia Properties Sdn. Bhd., (“**Sinjia Properties**”) had on 21 January 2022 entered into a sale and purchase agreement (“**SPA**”) with Kien Seng Motor Trading Sdn. Bhd., (“**Purchaser**”) for the sale of its property as described below for a cash consideration of RM1,100,000 (approximately S\$353,760 based on an exchange rate of S\$1: RM0.3216) (“**Consideration**”) upon the terms and conditions of the SPA. (“**Proposed Disposal**”).

2 INFORMATION ON THE PROPERTY

The Property is a freehold commercial land with a newly completed intermediate three-storey terrace shop-office bearing the postal address of Nos. 22 Jalan Dataran Kulai 2, Taman Dataran Kulai, 81000 Kulai, Johor. It has a total land area of approximately 200.751 square metres held under Lot nos. PTD 109430, Mukim of Senai, District of Kulai, State of Johor. The total gross floor area of approximately 404.31 square metres for the main building and approximately 24.9 square metres for the five-footway and air-condition ledge. The Property is currently free from all encumbrances and is vacant.

Based on the unaudited consolidated financial statements of the Group for the half year ended 30 June 2021, the net assets value of the Group attributable to equity holders of the Company and the book value of the Property were approximately S\$3.71 million and S\$0.322 million (RM1,000,000 based on an exchange rate of S\$1: RM0.3216), respectively.

There is no valuation being commissioned by the Company for the Proposed Disposal purpose. However, the Company had appointed Cheston International (Johor) Sd. Bhd. to conduct an independent desk-top valuation on the Property for the purpose of assess the market value of the Property for accounting purposes. Based on the independent valuation report on the Property dated 22 November 2021, the open market value of the Property was RM1.0 million. The valuation was primarily derived by taking into consideration the present property market conditions and other relevant factors.

3 INFORMATION ON THE PURCHASER

The Purchaser, Kien Seng Motor Trading Sdn. Bhd. is a company incorporated in Malaysia on 16 November 1995 with its registered office at Nos 1 Jalan NB2 2/2, Taman Nusa Bestari 2, 81300 Skudai, Johor. The nature of business is engaged as dealer in new and used motorcycle and spare parts, motorcycles repairs and hire-purchase and insurance agent. The Purchaser is an independent and unrelated third party. The Purchaser is not related to the Directors or controlling Shareholders and their respective associates.

4 RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal is in the best interests of the Group and Shareholders, as it will enable the Group to realise the value of the Property and improve the liquidity of the Group.

5 SALIENT TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

The Consideration for the Property is RM1,100,000 (approximately \$353,760 based on an exchange rate of S\$1: RM0.3216) was arrived at after arm's length negotiation with the Purchaser on a willing buyer willing seller basis, taking into account, the current market conditions.

The Consideration shall be paid in the following manner:

- (a) upon execution of the SPA, the Purchaser shall pay a sum of RM33,000 being deposit or partial payment equivalent to 3.0% of the Consideration to Inland Revenue Board of Malaysia;
- (b) upon execution of the SPA, the Purchaser shall pay a sum of RM77,000 being the deposit or partial payment equivalent to 7.0% of the Consideration to Sinjia Properties; and
- (c) the balance sum of RM990,000 shall be paid within three months from the date of SPA executed.

Upon completion of the Proposed Disposal, the Group is expected to recognise approximately RM27,650 (approximately S\$8,892 based on the exchange rate of S\$1: RM0.3216) (net of estimated taxes and related transaction costs) as a gain in the income statement.

6 RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES IN RELATION TO THE PROPOSED DISPOSAL

The relative figures for the Proposed Disposal 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 2021 ("HY2021") are as follows:

Rule	Base of Computation	Relative Figures
1006 (a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	8.66% ⁽¹⁾
1006 (b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable ⁽²⁾
1006 (c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total	2.2% ⁽³⁾

	number of issued shares excluding treasury shares	
1006 (d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) The net asset value of the Property and the Group as at 30 June 2021 was S\$321,600 and S\$3,713,026 respectively.
- (2) Not applicable as the Property is vacant thus does not generate any income.
- (3) Based on the Consideration of S\$353,760 (RM1.1 million based on an exchange rate of S\$1: RM0.3216) and the Company's market capitalisation of approximately S\$15,946,093, being the issued ordinary share capital, excluding treasury shares of the Company of 177,072,685 shares ("Shares") at the volume weighted average price of the Shares of S\$0.0901 on 20 January 2022, which is the market day preceding the date of the SPA
- (4) This basis is not applicable as it is not an acquisition.
- (5) This basis is not applicable as the Company is not a mineral, oil and gas company.

Based on the relative figure computed under each of Rule 1006(a) and 1006(c) of the Catalist Rules exceeds 5% but did not exceed 50%, the Proposed Disposal constitutes a "discloseable transaction" as defined under Rule 1010 of the Catalist Rules.

7 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal 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.

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2020, the *pro forma* financial effects of the Proposed Disposal are as follows:

7.1 Effect on Group's net tangible assets ("NTA") per share

For illustrative purposes only, had the Proposed Disposal been completed on 31 December 2020 and based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's NTA per share:

	Before the Proposed Sale	After the Proposed Sale
NTA (S\$'000)	4,678	4,687
Number of issued shares (excluding treasury shares)	177,072,685	177,072,685
NTA per share (cents)	2.64	2.65

7.2 Effect on earnings per share (“EPS”)

For illustrative purposes only, had the Proposed Disposal been completed on 1 January 2021 and based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's EPS:

	Before the Proposed Sale	After the Proposed Sale
Profit/(Loss) after tax attributable to equity holders of the Company (S\$'000)	(2,316)	(2,307)
Number of issued shares (excluding treasury shares)	177,072,685	177,072,685
EPS (cents)	(1.31)	(1.30)

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 Disposal (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 Disposal. 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 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately

and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Cheong Weixiong
Executive Director and Group Chief Executive Officer
21 January 2022

*This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange 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 document.*

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