



SINGHAIYI GROUP LTD.

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

PROPOSED JOINT VENTURE TO ACQUIRE AND REDEVELOP PARK MALL

1. INTRODUCTION

1.1 The board of directors (the **"Board"**) of SingHaiyi Group Ltd. (the **"Company"**) wishes to announce that Phoenix 99 Pte. Ltd. (**"SHG SPV"**), which is a wholly-owned subsidiary of the Company, has on 29 June 2015 entered into a joint venture with:

- (i) Haiyi Holdings Pte. Ltd., an entity wholly-owned by Mr Gordon Tang and Mdm Chen Huaidan collectively (**"GT SPV"**)¹; and
- (ii) Suntec (PM) Pte. Ltd. (**"SR SPV"**), together with SHG SPV and GT SPV, the (**"JV Partners"**),

to form a joint venture company, Park Mall Investment Limited (the **"JV Entity"**), on a 35:35:30 ownership basis, for the purpose of acquiring, through a wholly-owned subsidiary of the JV Entity, Park Mall Pte. Ltd.² (the **"Singapore Company"**), from the trustee of Suntec Real Estate Investment Trust (the **"Suntec Trustee"**), the residue of the leasehold estate in respect of (a) the whole of Lot 259A of Town Subdivision 20, (b) the whole of Lot 654C of Town Subdivision 20, and (c) the whole of Lot 655M of Town Subdivision 20, together with the building erected thereon and known as "Park Mall" (the **"Property"**), located at 9 Penang Road, Singapore 238459 (the **"Joint Venture"**).

1.2 The Joint Venture has been established with the intention of acquiring the Property for redevelopment into two office blocks with a retail component (the **"New Building"**).

1.3 The acquisition of the Property for an aggregate consideration of S\$411.8 million (the **"Purchase Price"**) will be effected through the conditional sale and purchase agreement entered into on 29 June 2015 between the Singapore Company and the Suntec Trustee (the **"SPA"**). Completion of the acquisition of the Property is subject to the satisfaction of the following conditions precedent to the SPA (the **"Conditions Precedent"**):

- (i) the obtaining of the approval of the President of the Republic of Singapore (as head lessor) (the **"Head Lessor"**) to (a) the sale of the Property to the

¹ (i) Mr Gordon Tang holds approximately 51.35 per cent. of the issued and paid-up ordinary shares of GT SPV; and
(ii) Mdm Chen Huaidan holds approximately 48.65 per cent. of the issued and paid-up ordinary shares of GT SPV.

² The Singapore Company is a wholly-owned subsidiary of Park Mall Holdings Limited, which is in turn wholly-owned by the JV Entity.

Singapore Company, and (b) the mortgage and/or charge of the Property by the Singapore Company;

- (ii) the obtaining of written confirmation to Suntec Trustee from the Singapore Land Authority (the “**SLA**”) (on behalf of the Head Lessor) confirming that it (a) consents to, or (b) has in-principle no objection to, the redevelopment of the Property into the New Building; and
- (iii) the obtaining of written confirmation to Suntec Trustee from the SLA (on behalf of the Head Lessor) that it has in-principle no objection to extend the lease terms of the State leases to fresh 99 year leasehold terms based on the redevelopment of the Property into the New Building.

2. RATIONALE FOR THE JOINT VENTURE AND REDEVELOPMENT

The Company believes that the Joint Venture is beneficial as:

- (i) it provides the Company with the opportunity to acquire a property located in a prime district of Singapore and achieve potential upside through a redevelopment;
- (ii) it will allow the Company to expand its investment and development portfolio in Singapore; and
- (iii) it taps on the expertise and network of its JV Partners.

Under the Joint Venture, (a) SHG SPV and GT SPV acting collectively will have the ability to acquire one office block (the “**SHG Office Block**”) and will have a right of first refusal to acquire the retail podium (the “**Retail Podium**”) and (b) Suntec Real Estate Investment Trust will have the ability to acquire one office block (the “**Suntec Office Block**”), following strata-subdivision of the New Building (but not earlier than 12 months after the date of issuance of the Temporary Occupation Permit (“**TOP**”) for the New Building).

The Company reserves the flexibility to realise the value in the SHG Office Block that it acquires through strata-sale of the individual units and/or to lease the units under the SHG Office Block for recurring income.

3. INFORMATION ON THE JOINT VENTURE

3.1 Purchase Price of the Property. As set out in paragraph 1.3 of this Announcement, the Purchase Price of the Property is S\$411.8 million, which will be funded by the Joint Venture through a combination of internal funds and external borrowings.

3.2 Capital Contribution of the JV Partners

- (i) Each of the JV Partners has agreed to provide a funding commitment for the acquisition and redevelopment of the Property for an aggregate amount of up to S\$384.0 million (the “**Aggregate Funding Commitment**”), and such

funding shall be provided by each JV Partner pro-rata to their shareholding in the JV Entity.

- (ii) The Company's funding commitment, through SHG SPV, based on its 35 per cent. shareholding in the JV Entity (the "**JV Interest**"), would amount to S\$134.4 million (the "**Company's Funding Commitment**").
- (iii) The Company's Funding Commitment was determined after taking into account the proposed acquisition price of the Property, the proposed redevelopment cost of the Property and the availability of external financing.
- (iv) The Company's Funding Commitment will be funded through a combination of internal funding and external borrowings.

3.3 Business. The JV Entity shall carry on the business of acquiring and holding the Property, the redevelopment of the Property and operating, maintaining, managing, leasing, repositioning, refurbishing or improving the New Building to maximise the income generating potential of the New Building.

3.4 Ancillary Agreements. The JV Entity will, upon completion of the acquisition of the Property under the SPA ("**Completion**"):

- (i) appoint a wholly-owned subsidiary of the Company, SingHaiyi Development Pte. Ltd., as the development manager for the redevelopment of the Property to provide professional project and development management services in relation to the redevelopment of the Property on behalf of the Singapore Company, for a fee based on an agreed percentage of the estimated construction costs plus a fixed monthly fee;
- (ii) appoint ARA Managers (Harmony V) Pte Ltd as the asset manager of the Property to provide asset management services to the Singapore Company which includes, *inter alia*, overseeing and managing legal, tax and corporate secretarial matters in relation to the Property on a costs plus basis;
- (iii) appoint APM Property Management Pte Ltd as the property manager of the Property to provide management services, including operations, sales and marketing services, and to operate, manage and maintain the Property and the New Building on behalf of the Singapore Company; and
- (iv) appoint ARA Harmony V Limited as the strategic advisor to the JV Entity and the JV Partners in connection with the Joint Venture to provide consultancy services with respect to various exit strategies relating to the New Building to the JV Entity for a fee.

3.5 Information on the Property. The Property is an integrated office, lifestyle and home furnishing mall situated within the Orchard Road shopping belt. It is located next to Dhoby Ghaut Mass Rapid Transit ("**MRT**") interchange station, a key transit hub for many commuters shuttling between the North-South, North-East and Circle MRT lines.

3.6 Value of the JV Entity

- (i) **Book Value and Asset Value.** Assuming the only asset held by the JV Entity (indirectly through the Singapore Company) is the Property, the book value and net tangible asset value of the JV Entity attributable to the JV Interest (comprising the 35 per cent. of the JV Entity acquired by SHG SPV) will be S\$43,200,000³.
- (ii) **Net Profits / Losses.** As the JV Entity is established pursuant to the Joint Venture, it does not have a historical net profit or loss. However, based on the unaudited management accounts of the Property as at 31 December 2014, the net profit after tax of the JV Entity attributable to the JV Interest (comprising the 35 per cent. of the JV Entity acquired by SHG SPV) will be S\$5,487,000.

4. TERMS OF THE JOINT VENTURE

- 4.1 **Terms of Payment.** The Singapore Company has paid an amount equivalent to 5 per cent. of the Purchase Price as a deposit to the vendor under the SPA, being the Suntec Trustee (the “**Deposit**”), with the balance of the Purchase Price to be paid on Completion. The Company has funded S\$7.2 million to the Joint Venture to be applied towards the payment of the Deposit. Up to S\$58.8 million⁴ (including the initial S\$7.2 million towards the Deposit) of the Company’s Funding Commitment will be funded by the completion of the purchase of the Property and applied towards, *inter alia*, the transaction costs for the purchase of the Property and the balance of the Purchase Price. The remainder of the Company’s Funding Commitment will be funded from time to time thereafter towards the redevelopment costs of the Property.
- 4.2 **Moratorium.** Pursuant to the terms of the Joint Venture, SHG SPV has agreed that it will not deal with its shares in the JV Entity until the date TOP is issued for the New Building.
- 4.3 **Conditions Precedent.** If the Conditions Precedent are not satisfied or waived (as the case may be), the JV Partners will procure that the Deposit (less costs and expenses incurred) be repaid to the various JV Partners and the JV Entity will be dissolved thereafter.
- 4.4 **Acquisition of Office Block and Retail Podium.** Under the Joint Venture, (i) SHG SPV and GT SPV acting collectively will have the ability to acquire the SHG Office Block and will have a right of first refusal to acquire the Retail Podium and (ii) Suntec Real Estate Investment Trust will have the ability to acquire the Suntec Office Block, following strata-subdivision of the New Building (but not earlier than 12 months after the date of issuance of TOP for the New Building).
- 4.5 **Other Terms.** Decisions of the JV Entity at board and shareholder meetings will require the unanimous vote of the board and shareholders respectively. Each JV Partner has customary rights under the Joint Venture, including but not limited to:

³ Derived from the Purchase Price and excluding any transaction costs.

⁴ Includes amounts to be applied towards the transaction costs for the purchase of the Property.

- (i) rights of appointment on the board of directors of the JV Entity; and
- (ii) pre-emption rights in respect of the transfer of shares in the JV Entity by each of the shareholders of the JV Entity, being SHG SPV, GT SPV and SR SPV.

5. ILLUSTRATIVE FINANCIAL EFFECTS

5.1 Bases and Assumptions. The pro forma combined financial effects of the Joint Venture on the Company have been computed based on (i) the unaudited Full Year Announcement of the Company and its subsidiaries ("**SHG Group**") for the financial year ended 31 March 2015 ("**SHG Group FY2015 Results**") and (ii) the unaudited management accounts of the Property for the 12 months ended 31 December 2014. Such financial effects have been prepared purely for illustrative purposes only and do not reflect a projection of the actual future financial performance or financial position of the enlarged SHG Group following the consummation of the Joint Venture.

5.2 Net Tangible Assets ("NTA"). For purely illustrative purposes only, assuming the Joint Venture had been effected on 31 March 2015, being the end of the most recently completed financial year of the SHG Group ended 31 March 2015 ("**FY2015**"), the NTA per share of the Company ("**SHG Share**") for FY2015, based on the SHG Group FY2015 Results, is as follows:

	As at 31 March 2015
NTA	S\$443,364,000
Add: Proportionate share of NTA of JV Entity ⁽¹⁾	S\$43,200,000
Less: Cash	S\$(43,200,000)
Adjusted NTA	S\$443,364,000
NTA per SHG Share (cents)⁽²⁾	15.50

Notes:

⁽¹⁾ This refers to SHG SPV's JV Interest assuming a 70 per cent. loan-to-value to finance the Purchase Price of S\$411.8 million.

⁽²⁾ Calculated based on 2,863,089,912 issued SHG Shares excluding treasury shares as at 31 March 2015.

5.3 Earnings Per SHG Share ("EPS"). For purely illustrative purposes only, assuming the Joint Venture had been effected on 1 April 2014, being the beginning of FY2015, the EPS for FY2015, based on the SHG Group FY2015 Results, is as follows:

	As at 31 March 2015
Net Profit After Tax (“NPAT”) attributable to owners of the Company	S\$21,181,000
Add: Proportionate share of results of JV Entity ⁽¹⁾	S\$5,487,000
Adjusted NPAT	S\$26,668,000
EPS – Basic (cents)⁽²⁾	0.931
EPS – Diluted (cents)⁽³⁾	0.930

Notes:

⁽¹⁾ This refers to SHG SPV’s 35 per cent. proportionate share of the results of the JV Entity based on the unaudited management accounts of the Property for the 12 months ended 31 December 2014. Interest cost to finance the Purchase Price is assumed to be capitalised as part of the cost of the New Building.

⁽²⁾ Calculated based on the weighted average number of SHG Shares excluding treasury shares of 2,863,571,362 as at 31 March 2015.

⁽³⁾ Calculated based on the adjusted weighted average number of SHG Shares excluding treasury shares of 2,866,699,404, taking into consideration the convertible bonds and share options that are dilutive to EPS as at 31 March 2015.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 The Joint Venture – Relative Figures. The relative figures for the Joint Venture computed on the relevant bases set out in Rule 1006 of the listing manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”) are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the SHG Group’s net asset value.	Not applicable
(b)	The net profit / (loss) attributable to the JV Interest, compared with the SHG Group’s net profit / (loss).	Not applicable ⁽¹⁾
(c)	The aggregate value of the consideration given compared with the Company’s market capitalisation based on the total number of issued SHG Shares excluding treasury shares ⁽²⁾ .	By applying SHG SPV’s 35 per cent. share of the Aggregate Funding Commitment of S\$58.8 million, to be applied towards the purchase of the Property, the relative figure would be 15.2 per cent. By applying the Company’s Funding Commitment (i.e. SHG SPV’s 35 per cent. share of the total committed equity

Rule 1006	Bases	Relative Figures
		portion of S\$134.4 million to be applied towards the (i) purchase price of the Property under the Joint Venture and (ii) redevelopment costs of the Property under the Joint Venture) of S\$134.4 million, the relative figure would be 34.7 per cent.
(d)	The number of equity securities issued by the Company as consideration for the JV Interest, compared with the number of equity securities of the Company previously in issue.	Not applicable as there is no issuance of equity securities for the JV Interest
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the SHG Group's proved and probable reserves.	Not applicable as the Company is not a mineral, oil and gas company

Notes:

⁽¹⁾ The JV Entity is newly established pursuant to the Joint Venture.

⁽²⁾ Market capitalisation has been calculated on the basis of 2,863,089,912 SHG Shares in issue at the 29 June 2015 multiplied by the volume weighted average price of the SHG Shares transacted on the SGX-ST on 26 June 2015, being the full market day prior to 29 June 2015 on which the SHG Shares were last traded on the SGX-ST, being S\$0.1352.

6.2 The Joint Venture – Transaction Constitutes Ordinary Course of Business. As the entry into the Joint Venture is an expansion of the Company's existing core business of property development and investment in Singapore, it constitutes a transaction in the ordinary course of business under Rule 1014(2) of the Listing Manual and paragraph 7 of Practice Note 10A of the Listing Manual.

7. INTERESTED PERSON TRANSACTION

7.1 Interested Person. GT SPV, an entity which is wholly-owned by Mr Gordon Tang and Mdm Chen Huaidan collectively, has also entered into the Joint Venture and agreed to contribute a committed stake of 35 per cent. of the Aggregate Funding Commitment for an aggregate consideration of approximately S\$134.4 million, in accordance with its 35 per cent. shareholding in the JV Entity.

As (i) GT SPV is a controlling shareholder of the Company, (ii) Mr Gordon Tang is a non-executive director and a controlling shareholder of the Company and (iii) Mdm Chen Huaidan is the group managing director and a controlling shareholder of the Company, GT SPV, Mr Gordon Tang and Mdm Chen Huaidan are each considered an “interested person” for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Joint Venture is an interested person transaction.

The Joint Venture represents approximately 34.5 per cent. of the SHG Group's audited NTA as at 31 March 2014. No Shareholders' approval was obtained for the entry into the Joint Venture under Rule 916 of the Listing Manual.

7.2 Rule 916(2) of the Listing Manual. Having considered the proposed Joint Venture, the Audit Committee of the Company is of the view that:

- (i) the risks and rewards of the Joint Venture are in proportion to the equity of each JV Partner; and
- (ii) the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

Accordingly, as the risks and rewards of the Joint Venture are in proportion to the equity of each JV Partner to the JV Entity and the interested persons do not have an existing equity interest in the JV Entity prior to the participation of the Company, the transaction falls within the scope of Rule 916(2) of the Listing Manual.

7.3 Value of Interested Person Transactions. For the current financial year commencing on 1 April 2015: (i) save for the above Joint Venture amounting to S\$134.4 million, (ii) the subscription for an interest into a fund for an aggregate consideration S\$45.0 million as mentioned in the Company's announcement of 24 June 2015 and (iii) the interested person transactions with American Pacific International Capital Inc amounting to S\$107,000, there are no (a) interested person transactions relating to GT SPV, Mr Gordon Tang and Mdm Chen Huaidan and (b) other interested person transactions.

8. FURTHER INFORMATION

8.1 Directors' Service Contracts. No person is proposed to be appointed as a director of the Company in connection with the Joint Venture. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8.2 Interests of Directors and Controlling Shareholders of the Company. Save as disclosed in this Announcement and save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Joint Venture.

8.3 Documents for Inspection. A copy of the SPA is available for inspection by Shareholders during normal business hours at the registered office of the Company at 81 Ubi Avenue 4, #02-20 UB.One, Singapore 408830 for three months from the date of this Announcement.

BY ORDER OF THE BOARD

Chen Huaidan @ Celine Tang
Group Managing Director

30 June 2015
Singapore

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Company's Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this Announcement.*

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

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