

DISPOSAL OF POWER GENERATION SYSTEM IN MYANMMAR TO TEMBUSU INDUSTRIES PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sinjia Land Limited (the “**Company**”) wishes to announce that the Company has entered into a Sale and Purchase Agreement dated 17 February 2015 (the “**Agreement**”) with Tembusu Industries Pte Ltd (Company Registration No. 201302237K), a company incorporated in Singapore and having its registered address at 420 North Bridge Road, #05-03, Singapore 188727 (“**Tembusu**”).

Pursuant to the Agreement, the Company shall sell, and Tembusu shall purchase, the Company’s power generation system (“**PGS**”) in Myanmar (the “**Proposed Disposal**”) for a cash consideration of US\$2.214 million (the “**Consideration**”) which shall be paid vide a deposit of US\$0.4million and a final payment of US\$1.814million. The Proposed Disposal is expected to be completed on or about 17 April 2015 (the “**Completion Date**”). The Proposed Disposal is in the ordinary course of the Company’s business.

2. DESCRIPTION OF THE PGS

The PGS is a diesel power generation system consisting of:

- (i) six (6) 1MW Cummins KTA 50 diesel generators;
- (ii) three (3) 3600kVA step up transformers;
- (iii) one (1) 11kV AIS power panel;
- (iv) six (6) ATS control panels; and
- (v) seventy-five (75) meters of 11kV cables.

The Company had acquired and installed the PGS pursuant to a lease agreement dated 1 August 2014 (the “**Lease Agreement**”) entered into with Tembusu.

The PGS has a book value of US\$1,853,469.50. No independent valuation was conducted on the PGS.

3. INFORMATION ON TEMBUSU

Tembusu is in the business of designing, engineering, operating, maintaining, and the project management of, power and utility plants, with expertise in conventional and renewable energy technologies.

Tembusu is one of the leaders in the low carbon energy industry in Asia, and is involved in the design and supply of electricity, natural gas, chilled water and other utilities for large manufacturing plants, industrial parks and municipalities throughout the region. Tembusu’s

founder and majority shareholder, Mr. Tin Muang Kyng (“**Pete Tin**”) has undertaken energy and utility plant projects, including green-field projects, since 2004. Pete Tin was involved in, *inter alia*, the design of a 40,000 RTh district cooling plant at Singapore’s Biopolis; the design of a 55,000 RTh plant at Malaysia’s Putra Jaya; the development of 8 MW and 5 MW cogeneration plants in Singapore; the project management of a 180 MW power plant for a cement plant in Myanmar; and the supply of temporary power solutions for the 2013 South East Asia Games in Myanmar.

Pete Tin was formerly from Myanmar and is now a Singapore citizen. Pete Tin is a trained engineer specializing in the power and district utilities business, with over 20 years of experience in leading multinational firms from Europe and Asia. He is also the founder, managing director and developer of several embedded co-generation plants in Singapore.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The Consideration shall be paid in cash, vide two payments, a US\$0.4 million deposit and a final payment of US\$1.814 million respectively. The deposit shall be paid upon execution of the Agreement, and the final payment shall be paid within sixty (60) days therefrom. The Company has received payment of the deposit on 17 February 2015.

The Consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm’s length between the parties, and takes into account, *inter alia*, prevailing market conditions and the benefits of the Proposed Disposal discussed below. The Proposed Disposal is in the ordinary course of the Company’s business.

4.2 Suspension and Termination of the Lease Agreement

Upon payment by Tembusu of the deposit to the Company, the terms and conditions in the Lease Agreement shall be suspended until payment of the final payment.

Upon payment by Tembusu of the final payment to the Company, and upon completion of the Proposed Disposal, the Lease Agreement and all related agreements shall be terminated forthwith.

In the event that payment of the final payment is not received on/or before sixty (60) days from the date of this Agreement, the Company will give Tembusu a further five (5) days grace period for the payment of the same, and failing which, treat Tembusu’s failure to complete as repudiation of the Agreement in which event the Company shall forfeit the deposit i.e. US\$400,000, and the Company may, at its discretion, reinstate the Lease Agreement.

4.3 Guarantee

Further to the Agreement, Pete Tin has provided a guarantee (the “**Guarantee**”) to the Company to secure Tembusu’s performance of its obligations under the Agreement, including but not limited to the payment of the purchase price.

The Company may, in addition to the remedies set out above, seek to enforce the Guarantee in the event that payment of the second tranche is not received on/or before sixty (60) days from the date of this Agreement.

4.4 Lease Guarantee

Further to the Lease Agreement, Pete Tin has provided a guarantee (the “**Lease Guarantee**”) to the Company to secure the due and punctual payment of rental from Tembusu pursuant to the same. In the event that payment of the second tranche is not received, and the Lease Agreement is reinstated in accordance with paragraph 4.2 above, the Lease Guarantee shall remain enforceable.

5. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Board considers the PGS to be a non-core asset, and is of the view that the Proposed Disposal will enable the Company to realise returns on its investment in the PGS, and also make available cash which can be deployed into its core businesses and/or utilised for other business opportunities.

The Company intends to use the proceeds from the Proposed Disposal for general working capital purposes or other business opportunities as and when they arise.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal is not expected to have any material effect on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2015.

7. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

8. INSPECTION OF DOCUMENT

A copy of the Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company’s registered office at 229 Mountbatten Road, #03-31/32 Mountbatten Square, Singapore 398007, for a period of three (3) months from the date of this announcement.

By Order of the Board
SINJIA LAND LIMITED

Cheong Weixiong
Group Chief Executive Officer

17 February 2015