

SINCAP GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201005161G)

SINCAP GROUP LIMITED – UPDATES ON PROPOSED ACQUISITION

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Sincap Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements of the Company dated 12 August 2014, 26 August 2014, 29 August 2014, 18 November 2014 and 30 December 2014 on the Proposed Acquisition (collectively, the “**Previous Announcements**”).

Unless otherwise defined herein, all capitalized terms and references used herein shall bear the same meaning ascribed to them in the Previous Announcements.

2. SUPPLEMENTAL DEED TO THE SALE AND PURCHASE AGREEMENT

2.1. Further to the Previous Announcements, the Board wishes to announce that the Company had, on 21 January 2015, entered into a supplemental deed to the Sale and Purchase Agreement (“**Supplemental Deed**”) with the Vendors, pursuant to which the following salient amendments were made to the Sale and Purchase Agreement:-

- (a) to amend and vary the Consideration from S\$38,500,000 (or AUD33,100,000 based on the agreed exchange rate of AUD1:S\$1.1631 (“**Agreed Exchange Rate**”)) to S\$24,100,000 (or AUD20,720,488, based on the Agreed Exchange Rate) (“**Revised Consideration**”), which shall be satisfied by the full payment in cash by the Company to the Vendors on completion, and not by the allotment of the Consideration Shares as originally contemplated under the Sale and Purchase Agreement; and
- (b) to introduce a new condition to be fulfilled, which the completion of the Proposed Acquisition is conditional upon, being the completion of fundraising by the Company of a minimum sum of S\$24,100,000 for, *inter alia*, the funding of the Revised Consideration payable to the Vendors (“**Fundraising**”).

2.2. The Revised Consideration was agreed upon based on commercial negotiations between the Company and the Vendors. The downward revision of the Consideration, representing a discount to the original Consideration of approximately 37.40% (in Singapore dollars), had taken into account, amongst other things, the recent unfavourable economic events occurring around the world and in Australia, as well as the change in the terms of the Sale and Purchase Agreement in relation to the Revised Consideration which shall now be satisfied fully in cash.

2.3. The Company is considering its options available for satisfaction of the Fundraising condition, and will keep Shareholders updated on the Fundraising as appropriate or when there are further developments on the same.

3. CLARIFIED AND REVISED RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Pursuant to the due diligence conducted by the Group on the Target Group, as well as the information obtained in connection therewith and the Revised Consideration, the Company wishes to clarify the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition. These relative figures have been computed based on the latest announced unaudited financial statements of the Group for the six-month period ended 30 June 2014 (“**HY2014**”) and the unaudited proforma consolidated financial statements of the Target Group for HY2014.

The revised relative figures are as follows:

Rule 1006		Original Figure⁽¹⁾	Revised Figure
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable	Not applicable
(b)	Net profits attributable to the assets acquired, compared with the Group's net profits.	-293.47%	-143.82% ⁽²⁾
(c)	Aggregate value of the Consideration to be paid, compared to the Company's market capitalization.	94.72%	59.29% ⁽³⁾
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	74.07%	Not applicable ⁽⁴⁾
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable	Not applicable

Notes:-

- (1) Please refer to the 18 November Announcement by the Company in relation to the Proposed Acquisition.
- (2) The revised figure is based on the unaudited proforma consolidated net loss before tax of the Target Group for HY2014 of approximately RMB4.16 million (or equivalent to approximately S\$0.85 million), assuming LTN had control over the Target Trust for HY2014. The unaudited net profit before tax of the Group for HY2014 was RMB2.89 million.
- (3) The revised figure is based on the Revised Consideration as well as the Company's market capitalisation, computed based on the issued share capital of the Company of 351,000,000 Shares and the VWAP of S\$0.1158 per Share on 12 November 2014 (being the last market day preceding the date of the Sale and Purchase Agreement on which the Shares were traded).
- (4) This is no longer applicable as the Revised Consideration shall be satisfied fully in cash and not by way of Consideration Shares.

The change in the relative figure computed based on Rule 1006(b) of the Catalyst Rules (from -293.47% as previously stated in the 18 November Announcement to -143.82%) is due to a reduction in the net losses attributable to the Target Group for HY2014 from approximately RMB8.49 million to approximately RMB4.16 million, which was in turn attributable to an overstatement of expenses by the Target Group. Notwithstanding the foregoing, as such revised relative figure remains a negative figure, the Company will be consulting with the SGX-ST and will update Shareholders on the outcome of such consultation, as and when appropriate.

Based on the proforma consolidated management accounts of the Target Group as at 30 June 2014, the proforma net book value and proforma net tangible assets of the Target Group were approximately S\$4.80 million each.

4. UPDATED FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Arising from the due diligence on the Target Group and the Revised Consideration, the Company also wishes to provide an update on the revised financial effects of the Proposed Acquisition.

The proforma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial performances or position of the Group after the completion of the Proposed Acquisition. The proforma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (“FY2013”) and the unaudited consolidated financial statements of the Target Group for FY2013.

For illustrative purposes only, the revised financial effects are based on, where relevant, the assumption that the satisfaction of the Fundraising condition for a sum of S\$24,100,000 is via an allotment and issue of 228,869,896 Shares at an issue price of S\$0.1053 per Share (being the latest available VWAP of the Shares as at 19 January 2015, being the last trading day prior to the date of this announcement). As mentioned in paragraph 2.3 above, the Company is considering its options available for satisfaction of the Fundraising condition, and there is no guarantee or assurance at this stage that the Fundraising will only be undertaken entirely and solely by way of equity fundraising, and that the issue price can be achieved at the aforementioned price.

Share Capital

The effect of the Proposed Acquisition on the issued share capital of the Company as at the date of this announcement is as follows:

	Number of issued Shares ('000)	Share Capital (RMB'000)
Share capital as at 31 December 2013	175,500	27,754
Share capital before the Proposed Acquisition ⁽¹⁾	351,000	86,925
Share capital after the Fundraising and the Proposed Acquisition	579,870	202,236

Note:-

(1) Includes 175,500,000 placement shares issued by the Company on 30 June 2014.

Earnings per Share (“EPS”)

The effect of the Proposed Acquisition on the EPS of the Group shown below is based on the assumption that the Proposed Acquisition has been completed on 1 January 2013, 175,500,000 placement shares have been issued as at 1 January 2013 and the completion of the Fundraising of S\$24,100,000 via the allotment and issue of 228,869,896 Shares at S\$0.1053 per Share (taking into account a gain from the bargain purchase arising from the Proposed Acquisition of approximately RMB55.7 million).

	Before the Proposed Acquisition	After the Proposed Acquisition
Net (loss) / profit attributable to Shareholders (RMB'000)	(291) ⁽¹⁾	46,391 ⁽²⁾
Weighted average number of Shares ('000)	351,000	579,870
EPS – basic (RMB cents)	(0.08)	8.00 ⁽³⁾

Notes:-

- (1) Includes expenses incurred in relation to the placement of 175,500,000 Shares of approximately S\$51,000 charged to the profit or loss statement of the Group.
- (2) This is instead of (11,725) as previously disclosed in the 18 November Announcement.
- (3) This is instead of (1.92) as previously disclosed in the 18 November Announcement.

Net Tangible Assets (“NTA”)

The effect of the Proposed Acquisition on the NTA per Share of the Group shown below is based on the assumption that the Proposed Acquisition has been completed on 31 December 2013, 175,500,000 placement shares have been issued as at 31 December 2013 and the completion of the Fundraising of S\$24,100,000 via the allotment and issue of 228,869,896 Shares at S\$0.1053 per Share.

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (RMB'000)	94,260 ⁽¹⁾	262,973 ⁽²⁾
Number of Shares ('000)	351,000	579,870
NTA per Share (RMB cents)	26.85	45.35 ⁽³⁾

Notes:-

- (1) Includes net proceeds raised from the placement of 175,500,000 Shares of approximately S\$11,905,000.
- (2) This is instead of 255,321 as previously disclosed in the 18 November Announcement.
- (3) This is instead of 41.79 as previously disclosed in the 18 November Announcement.

Gearing Ratio

The effect of the Proposed Acquisition on the gearing ratio of the Group shown below is based on the assumption that the Proposed Acquisition has been completed on 31 December 2013, and and the completion of the Fundraising of S\$24,100,000 via the allotment and issue of 228,869,896 Shares at S\$0.1053 per Share. The total equity after the Proposed Acquisition does not take into account any borrowings to be secured by the Target Trust for the Development.

	Before the Proposed Acquisition	After the Proposed Acquisition
Total borrowings (RMB'000)	17,328	59,740 ⁽¹⁾
Total equity (RMB'000)	104,242	370,540 ⁽²⁾
Gearing (percentage)	16.62%	16.12% ⁽³⁾

Notes:-

- (1) This is instead of 63,586 as previously disclosed in the 18 November Announcement.
- (2) This is instead of 401,592 as previously disclosed in the 18 November Announcement.
- (3) This is instead of 15.83% as previously disclosed in the 18 November Announcement.

5. UPDATED INFORMATION ON THE TARGET GROUP

Further, pursuant to the due diligence undertaken by the Group, the Company wishes to clarify that DWL holds 59.8% (instead of 59.5% as previously stated in the Previous Announcements) of the Target Trust which have been issued and paid-up. For the avoidance of doubt, the revision in the Consideration did not arise from the immaterial increase in unit holdings in the Target Trust by the Target Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Sale and Purchase Agreement, the Valuation Report, the Extension Letter Agreement and the Supplemental Deed will be available for inspection during normal business hours at the Company's registered office at 28 Sin Ming Lane, #08-131, Midview City, Singapore 573972 for a period of three (3) months from the date of this announcement.

7. 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 Acquisition, 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.

8. **FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the Proposed Acquisition as appropriate or when there are further developments on the same.

9. **CAUTIONARY STATEMENT**

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that Proposed Acquisition will proceed to completion, as the completion is subject to, *inter alia*, the fulfilment of all the conditions precedent in the Sale and Purchase Agreement (including the Fundraising). There is also no guarantee of how the Fundraising will be undertaken by the Company as the Company is still considering its options in this regard. Shareholders are advised to read this Announcement and any further announcements and the Circular by the Company carefully. Shareholders should exercise caution when dealing in the shares of the Company, and should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board

LUN CHEE LEONG
Company Secretary

22 January 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "Sponsor"), Canaccord Genuity Singapore Pte. Ltd., 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 announcement.

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

The contact person for the Sponsor is Ms. Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.