

**SINCAP GROUP LIMITED**

(Company Registration Number: 201005161G)

(Incorporated in the Republic of Singapore)

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**UPDATE ON LETTER RECEIVED FROM THE MANAGEMENT AND EMPLOYEES' UNION OF SHANDONG LUNENG TAISHAN MINING CO., LTD. ("SHANDONG LUNENG") AND LETTER OF DEMAND RECEIVED FROM FU HAO**

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The Board of Directors ("**Board**") of Sincap Group Limited (the "**Company**") and together with its subsidiaries, collectively the "**Group**") refers to the Company's previous announcements dated 9 March 2017, 15 March 2017, 20 March 2017, 3 April 2017 and 12 October 2017.

**1. LETTER FROM THE MANAGEMENT AND EMPLOYEES' UNION OF SHANDONG LUNENG**

In the letter, the management and employees' union of Shandong Luneng raised various matters including:

- (a) claims that based on the directives of the National and Provincial City Safety Supervisory Department, Shandong Luneng has to complete the mine refilling project as soon as possible and will require RMB31 million to complete this project; and
- (b) claims that Shandong Luneng has historically been owing the employees social security insurance of an amount of RMB26.69 million.

The Board wishes to announce that following investigations into the matter, the Board has concluded that the Company faces no liability in respect of these claims.

The Company had owned 98.69% of the equity interest in Shandong Luneng through its subsidiary, Beijing Raffles Investment Advisory Co. Ltd. ("**Beijing Raffles**"). Based on legal advice which the Company has sought, the Company as a shareholder of Beijing Raffles is not liable for Beijing Raffles' liabilities other than the amount of the shares of Beijing Raffles which had been subscribed by the Company. Additionally, the Company is not liable for Shandong Luneng's liabilities as it is no longer the shareholder of Shandong Luneng following the completion of the disposal of Beijing Raffles.

The sale of Beijing Raffles was completed and announced by the Company on 12 October 2017. Following completion of the sale, the Company is no longer a shareholder of Beijing Raffles and no longer holds any share or equity interest in Shandong Luneng. Accordingly, the Company is and will not be responsible for any claims against Shandong Luneng.

**2. LETTER OF DEMAND FROM FU HAO**

In the letter of demand, Fu Hao had claimed payment of approximately RMB6.8 million from the Company to Fu Hao.

The Board wishes to announce that there is no merit to Fu Hao's claim against the Company.

Pursuant to a Repayment Agreement dated 31 December 2011 entered into between Beijing Lukuang Engineering Co., Ltd., Beijing Raffles, the Company and Fu Hao ("**Repayment Agreement**"), as well as a Supplemental Repayment Agreement dated 20 August 2015, entered into between Fu Hao, Beijing Raffles and the Company (collectively, the "**Agreements**"), repayment is to be made by Beijing Raffles, and not the Company, to Fu Hao. The Company has no obligation to make any payment under the Agreements.

As stated in the announcement dated 20 March 2017, there are three conditions to be met before payment may be made by Beijing Raffles to Fu Hao:

- (i) Beijing Raffles shall have distributable profits in the year where such instalment repayment is contemplated;
- (ii) The amount of dividends announced and distributed by Beijing Raffles to the Company in any given year shall not be lower than the aggregate instalment repayments made from Beijing Raffles to Fu Hao; and
- (iii) Beijing Raffles needs to obtain the prior approval of the Company's Audit Committee for all instalment repayments, which shall only be granted if the existing Audit Committee is of the view that the Group has the financial ability and cashflow to satisfy the repayment amount

(the "**Conditions**").

Other than as listed in the above Conditions, the Company has no other obligations or role under the Agreements. Although the Company is a party to the Agreements, its role in the Agreements is limited to approving Beijing Raffles' payments to Fu Hao and does not extend to making any payments to any party to the Agreements and/or providing any guarantee for such payments. In addition, the Company's role in the Agreements is implicitly based on the Company being the shareholder of Beijing Raffles. Following completion of the sale of Beijing Raffles, the Company no longer has any interest in Beijing Raffles and the Conditions and the Company's role in the Agreements are no longer relevant.

Notwithstanding the above, up till the completion of the Company's sale of Beijing Raffles on 12 October 2017, the Conditions had not been met and any outstanding amount is not, as at 12 October 2017, payable by Beijing Raffles to Fu Hao.

The Board also wishes to highlight that pursuant to the Repayment Agreement, non-repayment by Beijing Raffles is not to be viewed as a breach of the Repayment Agreement.

Therefore, based on legal advice which the Company has sought, the Company is not liable to repay any amount to Fu Hao or any party under the Agreements.

### **3. TRADING CAUTION**

Shareholders and potential investors are advised to carefully read this announcement. Shareholders are also advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders who are in doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

BY ORDER OF THE BOARD  
**SINCAP GROUP LIMITED**

**Chu Ming Kin**  
Chairman and Chief Executive Officer  
12 October 2017

*This announcement 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 ("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. 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 Mr. Bernard Lui, Telephone: +65 63893000, Email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com).*