

SINCAP GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201005161G)

UPDATE ANNOUNCEMENT AND RESPONSE TO QUERIES FROM SGX-ST

The board of directors (the “**Board**”) and management of Sincap Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 15 April 2020, 17 April 2020 (the “**17 April Announcement**”) and its periodic update in its unaudited financial statements for the half year ended 30 June 2020.

Unless otherwise defined herein, all capitalised terms shall have the meaning ascribed to it in the 17 April Announcement.

The Board would like to update shareholders as follows:

(A) Extension of time for Artwell’s repayment

The Board would like to update that the Board has, on 3 December 2020, granted an extension to Artwell regarding its repayment under the Repayment Schedule on the following terms:

- (i) Repayment from September 2020 onwards will be deferred;
- (ii) Artwell will make repayment to the Group of US\$6,000,000 by 28 April 2021;
- (iii) Thereafter, Artwell will continue to pay at least US\$1,000,000 per month on the 28th of each month; and
- (iv) An interest of 7.5% per annum will continue to accrue on all outstanding amounts.

(B) Commitment from Shareholders fund the Company

With reference to the 17 April Announcement, Mr. Chu Ming Kin, Chen Jianming, Huang Qingquan, Sze Wai Bun Raymond, Wang Xiaoling and Zhu Shiyan (collectively, the “**Supporting Shareholders**”) have provided letters of undertaking to the Company to provide continuous financial support to the Group to ensure that the Group is able to meet its obligation as and when they fall due.

As of the date of this announcement, Mr. Chu Ming Kin has extended S\$121,887.52 to the Company in the form of an interest-free loan and has provided a verbal confirmation to the Company and the board that he will provide a further S\$200,000.00 as interest-free loans to the Company by 15 December 2020.

The Group will continue to explore options to raise funds from the Supporting Shareholders.

(C) Other Updates

(i) The Board’s views on whether the bases for its assessment on going concern in the 17 April Announcement have been satisfied

The Board wishes to further provide an update on the bases upon which they relied in their confirmation that the Group has adequate resources to continue its operations as a going concern, as set out in the 17 April Announcement (the “**17 April Bases**”). The 17 April Bases are summarised as follows:

- (a) Repayment by Artwell has been prompt in the past.
- (b) Orion has managed to collect payment from Artwell until November 2019.

- (c) Artwell has been forthcoming and cooperative in discussions with a view to resolve issues pertaining to the repayment of their debts;
- (d) Artwell has committed to a fixed minimum monthly repayment;
- (e) Orion has received US 1.6 million in 23 March 2020, which is greater than the amount stipulated in the repayment schedule of USD 1 million;
- (f) The Company has done insolvency checks on Artwell and there were no related outstanding bankruptcy petition; and
- (g) Artwell sole shareholder and directors is the brother of Sincap Executive Chairman and CEO, Chu Ming Kin. Chu Ming Kin has represented that he has maintained a very good relationship with Artwell.

As at the date of this announcement, sub-paragraphs (a) and (d) is no longer valid.

Addressing the receivables from Artwell Resources, Mr Chu Ming Kin has personally flown to meet his brother, Artwell's CEO, Mr Chu Min Fang, to discuss the Repayment Schedule. Artwell has communicated to the Company on 3 December 2020, asking for a deferment of 6 months till April 2021 as Artwell has faced disruptions in its operations caused by the COVID-19 pandemic. Chinese coal output fell drastically as workers could not return to power plants, owing to the prolonged Lunar New Year holidays as well as road blockages and lockdown to control the outbreak of the COVID-19 outbreak. As China is a coal-based economy, cheap gas and continued growth in renewables elsewhere challenged the coal demand. As such, Artwell has been facing collection issues and can only start the repayment in April 2021 with a lump sum of US\$6,000,000, followed by the subsequent instalment of US\$1,000,000 million monthly, as set out in Section (A) above. Artwell has also agreed to look into a bigger repayment after April 2021 should they receive more collections next year. The Company will continue to assess the market situation and business viability and pursue effective de-leveraging strategies.

In light of the COVID-19 pandemic, the Company's highest priority is the safety and wellbeing of our workforce and communities. We have implemented extensive measures across our operations in Indonesia to reduce the spread of COVID-19. We have established strict travel and working arrangements, social distancing practices and business continuity plans. Currently, coal mining operations have been halted due to the emerging cases from the pandemic.

Despite that the foregoing, the Company wishes to highlight that Orion has no trade liabilities and only receivables owing from our buyers. The Board has agreed to the extension on the basis that the option for deferment outweighs the benefits of taking a legal recourse, taking into account the COVID-19 pandemic where many companies are facing cash flow issues. The Board will continue to re-evaluate the Company's business and where our core competence is, and target opportunities in times of crisis to create the most value for our stakeholders.

In coming to its decision, the Board has also taken into consideration the fact that Artwell has been in constant contact with the Company and has been forthcoming about its financial situation.

(ii) The Board's views on whether its opinion in the FY2019 Annual Report is still valid

The Board is of the view that its opinion in its FY2019 Annual Report is still valid on the basis that with Mr. Chu Ming Kin's investment of S\$321,887.52, the Group will be able to meet its debt obligations for the next 12 months.

(iii) The Board's revised assessment of the Group's ability to continue operating as a going concern and the basis for the said assessment.

The Board has considered and have determined that the Group will be able to continue operating as a going concern, on the basis that with Mr. Chu Ming Kin's investment of S\$321,887.52, the Group will be able to meet its debt obligations for the next 12 months.

(iv) The Board's opinion on whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion

The Board's opinion is that trading of the Company's shares do not need to be suspended pursuant to Listing Rule 1303 as the Group will be able to meet its debt obligations for the next 12 months based on Mr. Chu Ming Kin's investment of S\$321,887.52.

(v) The Board's confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases of its view; and a confirmation that the impact of all outstanding audit issues have been adequately disclosed.

The Board confirms that based on the material information set out herein and the individual and collective confirmation from the board that all material facts relating to the debts from Artwell and Chu Ming Kin's investment have been disclosed, sufficient information has been disclosed to enable trading of the Company's shares in an orderly manner and confirms that the impact of all outstanding audit issues have been adequately disclosed.

(D) 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 in respect of the situation relating to debts owing from Artwell to the Company and the Company's ability to continue as a going concern, 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 the announcement has been extracted from published or otherwise publicly available sources or obtained from a name source, the sole responsibility of the Directors has been to ensure that such information has been accurately and properly extracted from those sources and/or reproduced in this announcement in its proper form and context.

The Board wishes to advise shareholders and potential investors to exercise caution when dealing in the shares of the Company, In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
SINCAP GROUP LIMITED

CHU MING KIN
Executive Chairman and Chief Executive Officer
4 December 2020

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 Sponsor and the SGX-ST assume 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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