

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

**QUALIFIED OPINION BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

In compliance with Rule 704(5) of the Listing Manual, the Board of Directors (the “**Board**”) of Sincap Group Limited (the “**Company**”) and together with its subsidiaries, collectively the “**Group**”) would like to announce that its independent auditors, Baker Tilly TFW LLP (the “**Auditors**”), have included an “except for” qualified opinion (the “**Except For Qualified Opinion**”) on the financial statements of the Group for the financial year ended 31 December 2016 (the “**Financial Statements**”).

Extracts of the Except For Qualified Opinion in the Independent Auditor’s Report, together with the extract of the relevant note to the Financial Statements are as follows:

Qualified Opinion

We have audited the accompanying financial statements of Sincap Group Limited (the “Company”) and its subsidiaries (the “Group”) as set out on pages 9 to 56, which comprise the statements of financial position of the Group and of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

As disclosed in Note 27 to the financial statements, the Company received letters from the management and the employees’ union of Shandong Luneng Taishan Mining Co., Ltd. (“Shandong Luneng”), requesting from the Company, the amounts of RMB31,000,000 for the completion of mine refilling project and RMB26,690,000 for settlement of outstanding employees’ social security insurance respectively as at 31 December 2016. At the date of this report, the Company is still in the process of investigating all the above claims and is unable to determine the merits of the claims. Consequently, these claims have not been provided for in the financial statements. We are unable to obtain sufficient appropriate audit evidence and explanation nor perform any procedures to ascertain the impact of the above claims, if any, on the financial statements of the Company and of the Group. As such, we are unable to determine whether any adjustments are needed for these claims.

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our qualified opinion.

NOTES TO THE FINANCIAL STATEMENTS

27. Contingent liabilities

On 6 March 2017, the Company received letters from management and employees' union of Shandong Luneng Taishan Mining Co., Ltd ("Shandong Luneng") (collectively referred to as "they").

- i) They claimed that based on the directives of National and Provincial City Safety Supervisory Department, Shandong Luneng has to complete the mine refilling project as soon as possible. They have informed the Board that it will require RMB 31,000,000 to complete this project.
- ii) They claimed that they have historically been owing the employees' social security insurance of an amount of RMB26,690,000 ("Social Security Outstanding"). Additionally, they claimed that if the Social Security Outstanding are not resolved, it may lead to a closure of the mine or cessation of its mining right.
- iii) They proposed that in order to avoid such closure/cessation of the mine, further unrest of the employees of Shandong Luneng and to maintain good relationships with the government, they have requested for the funds from the Company to be used for the above matters in relation to Shandong Luneng.

The Company is still in the process of investigating the above claims and is unable to determine the merits of the claims. Consequently, the management is unable to determine whether any provision for additional liabilities that are necessary for the above in respect of financial year ended 31 December 2016.

The Independent Auditors' Report and the FY2016 Financial Statements will form part of the Company's Annual Report for FY2016 (the "**FY2016 Annual Report**") which will be dispatched to the Shareholders of the Company in due course.

Shareholders and potential investors are advised to carefully read this announcement and any further announcements made by the Company. Shareholders are also advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders who are in any 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

Executive Chairman and Chief Executive Officer

3 April 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 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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