

**CIRCULAR DATED 31 JANUARY 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of Sincap Group Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

**This Circular 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 Circular and the Circular has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr. Bernard Lui (Tel: 6389 3000 or email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com))**

## **SINCAP GROUP LIMITED**

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

### **CIRCULAR TO SHAREHOLDERS**

**in relation to the**

**THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 2,603,350,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“RIGHTS SHARES”) ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED BELOW) TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

#### **IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	13 February 2017 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	15 February 2017 at 9.30 a.m.
Place of Extraordinary General Meeting	:	60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906

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## DEFINITIONS

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The following definitions apply throughout in this Circular except where the context otherwise requires:

- “Act” or “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Announcement”** : The announcement released by the Company on 5 December 2016 in relation to the Rights Issue
- “ARE”** : The application and acceptance form for Rights Shares and excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
- “ARS”** : The application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on Catalist through the book-entry (scripless) settlement system
- “ATM”** : Automated teller machine of a Participating Bank
- “Authority”** : The Monetary Authority of Singapore
- “Board of Directors” or “Board”** : The board of Directors of the Company for the time being
- “Books Closure Date”** : The time and date, to be determined by the Directors, at and on which the Share Transfer Books and Register of Members of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights Issue, fractional entitlements to be disregarded
- “Business Day”** : A day (other than a Saturday, Sunday or public holiday) on which banks, the SGX-ST, CDP and the Share Registrar are open for business in Singapore
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The SGX-ST’s Listing Manual – Section B: Rules of Catalist, as may be amended, varied or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 31 January 2017

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## DEFINITIONS

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<b>“Closing Date”</b>	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of, the Rights Shares under the Rights Issue
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>“Company”</b>	:	Sincap Group Limited
<b>“Director”</b>	:	A director of the Company for the time being
<b>“EGM”</b>	:	The extraordinary general meeting of the Company, notice of which is set out on pages 34 to 36 of the Circular
<b>“Entitled Depositors”</b>	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who had, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<b>“Entitled Scripholders”</b>	:	Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names and (iii) registered addresses are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
<b>“Entitled Shareholders”</b>	:	Entitled Depositors and Entitled Scripholders
<b>“Excess Applications”</b>	:	Excess applications by Entitled Shareholders of the Rights Shares in excess of their provisional allotments of Rights Shares
<b>“Existing Share Capital”</b>	:	The existing issued and paid-up share capital of the Company of 520,670,000 Shares (excluding treasury shares) as at the Latest Practicable Date
<b>“Foreign Shareholders”</b>	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to the Company, the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents
<b>“FY”</b>	:	Financial year ended 31 December

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## DEFINITIONS

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<b>“Group”</b>	:	The Company and its subsidiaries
<b>“HY”</b>	:	For the period till 30 June
<b>“Issue Price”</b>	:	The issue price of the Rights Shares, being S\$0.01 for each Rights Share
<b>“Latest Practicable Date”</b>	:	23 January 2017, being the latest practicable date prior to the printing of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Maximum Subscription Scenario”</b>	:	Based on the Existing Share Capital and assuming that all of the Entitled Shareholders subscribe and pay for their pro rata entitlements of Rights Shares
<b>“Notice of EGM”</b>	:	The notice of EGM set out on pages 34 to 36 of this Circular
<b>“Offer Information Statement”</b>	:	The offer information statement referred to in Section 277 of the Securities and Futures Act and, together with the PAL, the ARE, the ARS and all accompanying documents including any supplementary or replacement document, to be issued by the Company in connection with the Rights Issue
<b>“Participating Banks”</b>	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors for acceptances of the Rights Shares and/or Excess Applications
<b>“Provisional Allotment Letter” or “PAL”</b>	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out the provisional allotment of Rights Shares under the Rights Issue
<b>“Purchaser”</b>	:	A purchaser of the provisional allotments of the Rights Shares sold on a “nil-paid” basis
<b>“Record Date”</b>	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
<b>“Register of Members”</b>	:	Register of members of the Company

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## DEFINITIONS

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<b>“Rights Issue”</b>	:	The renounceable non-underwritten rights issue by the Company of up to 2,603,350,000 Rights Shares at an issue price of S\$0.01 for each Rights Share on the basis of five (5) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
<b>“Rights Share(s)”</b>	:	Up to 2,603,350,000 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<b>“Securities and Futures Act” or “SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Registrar”</b>	:	RHT Corporate Advisory Pte. Ltd.
<b>“Share Transfer Books”</b>	:	The share transfer books of the Company
<b>“Shareholders”</b>	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“Sponsor”</b>	:	Stamford Corporate Services Pte Ltd
<b>“Subsidiaries”</b>	:	Has the meaning ascribed to it in Section 5 of the Companies Act and <b>“Subsidiary”</b> shall be construed accordingly
<b>“Substantial Shareholder”</b>	:	A person who has an interest in voting shares of the Company the total votes attached to which is not less than 5% of the total votes attached to all the voting shares in the Company
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore
<b>“%” or “percent”</b>	:	Percentage or per centum

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Catalist Rules or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to date and time of day in this Circular shall be a reference to Singapore date and time, unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.



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## LETTER TO SHAREHOLDERS

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### SINCAP GROUP LIMITED

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

#### Board of Directors:

Chu Ming Kin (Chairman and Chief Executive Officer)  
Lim Jin Wei (Lead Independent Director)  
Lim Teck Chai, Danny (Independent Director)  
Ian Tan Tee Hiang (Independent Director)

#### Registered Office:

15 Upper Circular Road  
#04-01  
Singapore 058413

31 January 2017

To: The Shareholders of the Company

Dear Sir/Madam,

**THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 2,603,350,000 RIGHTS SHARES ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD BY SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

#### 1. INTRODUCTION

##### 1.1 Rights Issue

On 5 December 2016, the Company announced the Rights Issue, subject to, *inter alia*, (a) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares; (b) the issue and allotment of the Rights Shares at the Issue Price having been approved by Shareholders at the EGM; and (c) the lodgement of the Offer Information Statement in respect of the Rights Issue with the SGX-ST (acting as agent on behalf of the Authority).

On 23 January 2017, the Company received the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on Catalist subject to:

- (a) compliance with the listing requirements of the SGX-ST;
- (b) submission of paragraph 2 of Appendix 8B Part I of the Catalist Rules upon lodgement of the Offer Information Statement; and
- (c) Shareholders' approval being obtained for the Rights Issue at the EGM.

The listing and quotation notice of the SGX-ST for the listing and quotation of the Rights Shares is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company, its Subsidiaries and their securities. The Sponsor and the SGX-ST assume no responsibility for the correctness of the statements made or reports contained, or opinions expressed, in this Circular.

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## LETTER TO SHAREHOLDERS

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### 1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the above and to seek Shareholders' approval for the resolution set out in the Notice of EGM

## 2. THE RIGHTS ISSUE

### 2.1 Basis of the Rights Issue

The Company is offering to Entitled Shareholders up to 2,603,350,000 Rights Shares at the Issue Price of S\$0.01 per Rights Share on the basis of five (5) Rights Shares for every one (1) existing Share held by Shareholders as at the Books Closure Date. The Rights Issue will not be withdrawn after commencement of ex-rights trading.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or in the case of Entitled Depositors only, trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

It is hereby disclosed and confirmed that, in the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares.

The Company will also not make any allotment and issue of any Rights Shares (whether through provisional allotments, purchase of provisional allotments and/or application for excess Rights Shares) that will result in a transfer of controlling interest in the Company.

The Rights Shares are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its pro-rata Rights Shares entitlement) to avoid placing the relevant Substantial Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully.

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## LETTER TO SHAREHOLDERS

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### 2.2 Size of Rights Issue

As at the Latest Practicable Date, the Existing Share Capital of the Company (excluding treasury shares) comprises 520,670,000 Shares.

Based on the Existing Share Capital and assuming the Maximum Subscription Scenario where all the Entitled Shareholders subscribe and pay for their pro rata entitlements of Rights Shares, the Company will issue 2,603,350,000 Rights Shares under the Rights Issue.

**Assuming that all the Rights Shares are subscribed and issued, the Rights Shares will comprise 500.0% of the Existing Share Capital and 83.3% of the enlarged share capital which will be 3,124,020,000 Shares.**

### 2.3 Principal Terms of the Rights Issue

<b>Number of Rights Shares</b>	:	Up to 2,603,350,000 Rights Shares.
<b>Basis of Provisional Allotment</b>	:	The Rights Issue is made on a renounceable basis to Entitled Shareholders on the basis of five (5) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
<b>Issue Price</b>	:	S\$0.01 for each Rights Share, payable in full on acceptance and/or application.  The Issue Price represents a discount of approximately 60% to the last traded price of S\$0.025 per Share for Shares traded on Catalist on 2 December 2016, being the Market Day immediately preceding the Announcement on which Shares were traded on Catalist.
<b>Eligibility to participate</b>	:	Please refer to Section 2.4 entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Circular.
<b>Status of the Rights Shares</b>	:	The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls on or before the date of issue of the Rights Shares.

## LETTER TO SHAREHOLDERS

<p><b>Listing of the Rights Shares</b></p>	<p>:</p> <p>The Company has on 23 January 2017 obtained the listing and quotation notice of the SGX-ST for the listing and quotation of the Rights Shares on Catalist. The Rights Shares will be admitted to Catalist after the certificates relating thereto have been issued and the allotment letters from CDP have been despatched.</p> <p>The listing and quotation notice of the SGX-ST for the listing and quotation of the Rights Shares on Catalist are in no way reflective of and are not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company, its Subsidiaries and their securities.</p>
<p><b>Acceptance and Excess Application</b></p>	<p>:</p> <p>Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue.</p> <p>Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy Excess Applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.</p> <p>In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and that Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.</p> <p>The Company will also not make any allotment and issue of any Rights Shares (whether through provisional allotments, purchase of provisional allotments and/or application for excess Rights Shares) that will result in a transfer of controlling interest in the Company.</p>

## LETTER TO SHAREHOLDERS

<b>Trading of the Rights Shares</b>	:	Upon the listing and quotation of the Rights Shares on Catalist, the Rights Shares will be traded on Catalist under the book-entry (scripless) settlement system. For the purposes of trading on Catalist, each board lot of Shares will comprise of 100 Shares.
<b>Scaling Down</b>	:	Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its pro-rata Rights Shares entitlement) to avoid placing the relevant Substantial Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully.
<b>Use of SRS Funds</b>	:	Members under the SRS (“ <b>SRS Members</b> ”) who bought their Shares previously using their account opened with the relevant approved bank (“ <b>SRS Account</b> ”) and who wish to accept their provisional allotments of Rights Shares and apply for excess Rights Shares (if applicable) can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS Accounts. Such SRS Members who wish to accept their provisional allotments of Rights Shares and apply for excess Rights Shares using SRS monies (if applicable), must instruct the relevant approved banks in which they hold their SRS Accounts to accept their provisional allotments of Rights Shares and apply for excess Rights Shares (if applicable) on their behalf in accordance with the Offer Information Statement. <b>Any application made directly to CDP or through the ATM of any Participating Bank appointed and named in the Offer Information Statement by such Entitled Shareholders will be rejected.</b> For the avoidance of doubt, monies in SRS Accounts may not be used for the purchase of the provisional allotments of Rights Shares directly from the market. Such Entitled Shareholders should refer to the Offer Information Statement to be lodged with the SGX-ST (acting as agent on behalf of the Authority) for important details relating to the offer procedure in a connection with the Rights Issue.
<b>Governing Law</b>	:	Laws of the Republic of Singapore.

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## LETTER TO SHAREHOLDERS

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The above terms and conditions of the Rights Issue are subject to changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights Issue at the EGM.

### 2.4 Eligibility of Shareholders to Participate in the Rights Issue

#### Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and other accompanying documents at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors only, trade (during the provisional allotment trading period prescribed by the SGX-ST) in full or in part their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. For avoidance of doubt, only Entitled Shareholders (and not the Purchasers or the renouces) shall be entitled to apply for additional Rights Shares in excess of their provisional allotments.

**All dealings in, and transactions of, the provisional allotments of Rights Shares through Catalyst will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on Catalyst.**

**Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP.** Entitled Depositors are reminded that any request to CDP to update their records or effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

**Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses with the Company.** Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach Sincap Group Limited, c/o, RHT Corporate Advisory Pte Ltd, 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, not later than three (3) Market Days before the Books Closure Date. Entitled Scripholders may open Securities Accounts with CDP if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotment of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date subject to the completion of the lodgement process.

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## LETTER TO SHAREHOLDERS

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The Rights Shares which are not otherwise taken up or allotted for any reason shall be used to satisfy applications for excess Rights Shares (if any) as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and that Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The Company will not make any allotments and issue of Rights Shares (whether through provisional allotments, purchase of provisional allotments and/or application for excess Rights Shares) that will result in a transfer of controlling interest in the Company.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, may only do so through CDP and/or by way of an electronic application through ATM(s) of a Participating Bank. Full details of the Rights Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course.

### **Foreign Shareholders**

The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

**Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by Foreign Shareholders will be valid.**

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renounee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares renounced to him. The Company further reserves the right to reject any acceptances of the Rights Shares and/or any application for excess Rights Shares where it believes, or has reason to believe, that such acceptance or application may violate the applicable legislation of any jurisdiction.

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## LETTER TO SHAREHOLDERS

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The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP.

Foreign Shareholders who wish to be eligible to participate in the Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 or (ii) Sincap Group Limited c/o the Share Registrar, RHT Corporate Advisory Pte Ltd at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 no later than three (3) Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on Catalist as soon as practicable after dealings in the provisional allotment of Rights Shares commence.

Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed among Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them by means of a crossed cheque at their own risk by ordinary post, or in such other manner as they may have agreed with CDP for payment of any cash distributions. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in respect of such sales or proceeds thereof, the provisional allotments of Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be used to satisfy excess applications or disposed of or dealt



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with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

**Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other legal requirements in those territories.**

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of the Rights Shares and for Excess Application for the Rights Shares pursuant to the Rights Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

### 2.5 Rationale of Rights Issue and Use of Proceeds

The Company is undertaking the Rights Issue to strengthen the financial position of the Group. The Rights Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company. The net proceeds arising from the allotment and issuance of the Rights Shares will be used towards expanding/growing the mining and/or mineral and resource trading of the Group (which includes but is not limited to the current and/or future mining and/or mineral and resource trading of the Group, any related, complementary or ancillary businesses and towards securing any credit facilities of the Group), financing business ventures through acquisitions, joint ventures, cooperation and/or strategic investments which includes mining and/or mineral and resource trading and any related, complementary or ancillary businesses and working capital.

There is no minimum amount to be raised from the Rights Issue. For the purposes of Rule 814(1)(e) of the Catalist Rules, (i) the Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and the Rights Issue is being undertaken for the reason stated in the previous paragraph, and (ii) consequently, they are of the opinion that, after taking into consideration the present bank facilities and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the opinion that there is no minimum amount which must be raised from the Rights Issue. Hence, in view of the above and the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

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The net proceeds arising from the allotment and issuance of all the Rights Shares, after deducting estimated costs and expenses of S\$150,000.00 relating to the Rights Issue, is approximately S\$25,880,000.00. The Company intends to use the net proceeds arising from the allotment and issuance of the Rights Shares as set out below:

Use of Proceeds	Percentage of Net Proceeds (%)
1. For expansion/growth of the mining and/or mineral and resource trading of the Group (which includes but is not limited to the current and/or future mining and/or mineral and resource trading of the Group, any related, complementary or ancillary businesses and towards securing any credit facilities of the Group) and financing business ventures through acquisitions, joint ventures, partnerships, cooperation and/or strategic investments which includes mining and/or mineral and resource trading and any related, complementary or ancillary businesses.	60-70
2. Working capital purposes	30-40
<b>Total</b>	100

Pending the deployment of the net proceeds raised from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

The Company will make periodic announcements on the use of the proceeds from the Rights Issue as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights Issue and where such proceeds have been used for working capital, a breakdown with specific details on how the proceeds have been applied from the Rights Issue in the interim and full year financial statements issued pursuant to Rule 705 of the Catalist Rules and in the annual report(s) of the Company, until such time the proceeds have been fully utilised.

### 2.6 Books Closure Date

Subject to the Shareholders' approval of the Rights Issue at the EGM, the Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights Issue will be announced at a later date.

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### 3. FINANCIAL INFORMATION OF THE GROUP

#### 3.1 Consolidated Income Statements

The consolidated income statements of the Group for FY2013, FY2014, FY2015, HY2015 and HY2016 are set out below:

	FY2013	FY2014	FY2015	HY2015	HY2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Audited	Audited	Audited	Unaudited	Unaudited
<b>Revenue</b>	801,426	892,172	692,429	355,603	176,742
Cost of sales	(768,777)	(862,504)	(669,593)	(337,225)	(166,938)
Gross profit	32,649	29,668	22,836	18,378	9,804
Other income	557	241	6,001	1,248	3,065
Distribution costs	(5,064)	(4,203)	(4,472)	(1,923)	(2,814)
Administrative expenses	(20,487)	(21,061)	(20,837)	(11,975)	(14,308)
Finance costs	(1,388)	(1,104)	(5,769)	(1,229)	(1,816)
Other expenses	(1,793)	(305)	(10,296)	(1,105)	(2,515)
<b>(Loss)/profit before tax</b>	4,474	3,236	(12,537)	3,394	(8,584)
Tax expense	(4,436)	(3,620)	(5,844)	(2,783)	(55)
<b>(Loss)/profit for the financial year</b>	38	(384)	(18,381)	611	(8,639)
Other comprehensive (loss)/profit: Items that may be reclassified subsequently to profit or loss:					
– Currency translation differences arising on consolidation	–	(7,658)	(3,372)	(3,166)	3,998
<b>Total comprehensive (loss)/profit for the financial year</b>	38	(8,042)	(21,753)	(2,555)	(4,641)
<b>(Loss)/profit attributable to:</b>					
Equity holders of the Company	(47)	(432)	(18,623)	609	(10,072)
Non-controlling interests	85	48	242	2	1,433
(Loss)/profit for the financial year	38	(384)	(18,381)	611	(8,639)
<b>Total comprehensive (loss)/profit attributable to:</b>					
Equity holders of the Company	(47)	(8,090)	(21,995)	(2,557)	(6,074)
Non-controlling interests	85	48	242	2	1,433
(Loss)/profit for the financial year	38	(8,042)	(21,753)	(2,555)	(4,641)
<b>(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)</b>					
Basic and diluted	(0.03)	(0.16)	(5.05)	0.2	(2.1)

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A review of the operations, business and financial performance of the Group is set out below:

### **FY2013 vs FY2012**

The Group's revenue increased by RMB123.5 million or 18.2%, as compared to FY2012. The increase in revenue was mainly due to increase in sales of alumina of RMB123.0 million and sales of gypsum of RMB1.7 million but partially offset by decrease in revenue from sales of coal of RMB1.3 million. Revenue from alumina increased as a result of more intense marketing efforts that attracted new customers and more sales orders from existing customers. During the year, the Group sold more top grade gypsum that has a higher selling price compared to normal grade gypsum. However there was no sale of coal in FY2013 due to a weaker coal trading domestic market in PRC.

The Group's gross profit increased by RMB6.8 million or 26.2% as compared to FY2012 mainly due to increase in gross profit margin contributed by a new alumina customer and increase in sales of top grade gypsum.

Other income decreased by RMB0.5 million or 49.0% as compared to FY2012 was mainly attributable to a one-off foreign exchange gain recorded in FY2012.

Distribution costs decreased by RMB0.02 million or 0.3% as compared to FY2012 was mainly due to lower distribution costs from coal trading. However this was partially off-set by increase in distribution costs for both alumina and gypsum trading which was in line with the increase in revenue.

Administrative expense decreased by RMB4.4 million or 17.8% compared to FY2012 was mainly due to the non-recurrence of initial public offering ("IPO") expenses of RMB6.1 million and partially off-set by increase in employee benefits expenses and professional fees.

Finance costs increased by RMB0.2 million or 15.9% as compared to FY2012, was mainly due to higher interest costs arising from a bank loan.

Other expenses decreased by RMB2.0 million or 52.5% from FY2012, was mainly due to decrease in impairment of prepayment and other receivables amounting to RMB3.4 million, partially off-set by an increase in foreign exchange loss of RMB1.4 million.

Consequently, profit before tax increased by RMB12.5 million from loss before tax of RMB8.0 in FY2012 to profit before tax of RMB4.5 million in FY2013.

### **FY2014 vs FY2013**

The Group's revenue increased by RMB90.7 million or 11.3%, as compared to FY2013. The increase in revenue was mainly due to increase in sales of alumina of RMB97.7 million and partially off-set by a decrease in revenue from sales of gypsum of RMB6.9 million. Revenue from alumina was mainly attributable to Group's efforts to enlarge its pool of customers. Revenue from sales of gypsum decreased was mainly attributable to decrease in both sales volume and average selling price.

The Group's gross profit decreased by RMB3.0 million or 9.1% as compared to FY2013 was mainly due to lower average selling price of gypsum in FY2014.

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## LETTER TO SHAREHOLDERS

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Other income decreased by RMB0.3 million or 56.7% as compared to FY2013 was mainly attributable to decrease in interest income and government grant.

Distribution costs decreased by RMB0.9 million or 17.0% as compared to FY2013 was mainly due to lower distribution costs from gypsum trading which was in line with the lower revenue.

Administrative expense increased by RMB0.6 million or 2.8% compared to FY2013 was mainly due to the increase in professional fees in relation to its corporate actions and expenses for the newly incorporated subsidiaries and partially off-set by decrease of administrative expenses of the PRC subsidiaries expenses as a result of better cost control and improve operations efficiencies.

Finance costs decreased by RMB0.3 million or 20.5% as compared to FY2013, was mainly due to full repayment of a term loan.

Other expenses decreased by RMB1.5 million or 83.0% as compared to FY2013, was mainly due to decrease in foreign exchange losses and a decrease in reversal of write off of other receivables.

Consequently, profit before tax decreased by RMB1.2 million from RMB4.5 million in FY2013 to profit before tax of RMB3.2 million in FY2014.

### **FY2015 vs FY2014**

The Group's revenue decreased by RMB199.7 million or 22.4%, as compared to FY2014. The decrease in revenue was mainly due to decrease in sales of alumina of RMB201.3 million and sales of gypsum of RMB12.6 million and partially off-set by coal trading contributed by our newly acquired subsidiary, Orion Energy Resources Pte. Ltd. ("**Orion**") of RMB14.2 million. Revenue from gypsum and alumina trading decreased was mainly attributable to PRC authorities' implementation of new cooling measures on the PRC domestic property market.

The Group's gross profit decreased by RMB6.8 million or 23.0% as compared to FY2014 was mainly due to decrease in gross profit from sales of gypsum of RMB7.0 million and property development of RMB0.7 million. This decrease was partially off-set by an increase in gross profit from sales of alumina of RMB0.3 million and coal trading of RMB0.5 million.

Other income increased by RMB5.8 million as compared to FY2014 was mainly attributable to increase in interest income earned on a term loan and bills receivables.

Distribution costs increased by RMB0.3 million or 6.4% as compared to FY2014 was mainly due to increase in staff cost.

Administrative expense decreased by RMB0.2 million or 1.1% compared to FY2014 was mainly due to the reclassification of the social security insurance to cost of sales for the gypsum trading which was partially off-set by increase in professional fees incurred in connection to the Group's corporate actions and increase in labour costs for alumina trading.

Finance costs increased by RMB4.7 million as compared to FY2014, was mainly due to interest expenses for a term loan.

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Other expenses increased by RMB10.0 million as compared to FY2014, was mainly due to provision of impairment on a property and write-off of RMB1 million in respect of the misappropriation of cash in Shandong Luneng Taishan Mining Co., Ltd as announced on 28 July 2015.

Consequently, profit before tax decreased by RMB15.8 million from a profit before tax of RMB3.2 million in FY2014 to loss before tax of RMB12.5 million in FY2015.

### **HY2016 vs HY2015**

The Group's revenue decreased by RMB178.9 million or 50.3% as compared to HY2015. The decrease in revenue was mainly due to decrease in sales of alumina of RMB293.9 million and partially off-set by increase in revenue from sales of gypsum of RMB3.8 million, sales of coal of RMB66.8 million and recognition on sales proceeds from the disposal of development property of RMB44.4 million. Revenue from alumina decreased was the result of management's effort to scale down its operations due to falling commodity price in PRC.

The Group's gross profit decreased by RMB8.6 million or 46.7% as compared to HY2015 was mainly due to decrease in gross profit from sales of alumina of RMB12.5 million and partially off-set by increase in gross profit from sales of gypsum of RMB0.8 million, sales of coal of RMB2.3 million and the disposal of property development of RMB0.8 million.

Other income increased by RMB1.8 million as compared to HY2015 was mainly attributable to commission income recognized by newly acquired subsidiary, Orion.

Distribution costs increased by RMB0.9 million or 46.3% as compared to HY2015 was mainly due to retrenchment payment to alumina's sales staff as the Group scaled down its alumina operations.

Administrative expense increased by RMB2.3 million or 19.5% compared to HY2015 was mainly due to the retrenchment payment to alumina's administrative staff and the Group's annual staff salary increments.

Finance costs increased by RMB0.6 million as compared to HY2015, was mainly due to interest expenses for a term loan.

Other expenses increased by RMB1.4 million as compared to HY2015, was mainly due to exchange losses realised from the capital reduction of the Group's Australian subsidiaries.

Consequently, profit before tax decreased by RMB12.0 million from a profit before tax of RMB3.4 million in HY2015 to loss before tax of RMB8.6 million in HY2016.

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### 3.2 Statement of financial position

The statement of financial position of the Group for FY2013, FY2014, FY2015 and HY2016 are set out below:

	FY2013	FY2014	FY2015	HY2016
	RMB'000	RMB'000	RMB'000	RMB'000
	Audited	Audited	Audited	Unaudited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	31,650	29,156	27,189	25,593
Intangible assets	9,244	9,401	9,860	9,790
Land use rights	447	420	394	380
Goodwill	–	–	13,434	13,434
Deferred tax assets	947	1,063	902	902
Trade and other receivables	–	–	15,673	17,516
	42,288	40,040	67,452	67,615
<b>Current assets</b>				
Development property	–	53,450	43,151	–
Inventories	2,761	5,599	2,421	1,714
Trade and other receivables	44,548	32,803	59,912	71,078
Bank and cash balances	25,417	18,623	52,673	30,552
	72,726	110,475	158,157	103,344
<b>Total assets</b>	115,014	150,515	225,609	170,959
<b>Non-current liabilities</b>				
Deferred tax liabilities	459	307	1,600	1,600
Borrowings	16,903	12,247	1,613	950
	17,362	12,554	3,213	2,550
<b>Current liabilities</b>				
Trade and other payables	47,915	28,897	59,829	47,990
Provision	1,020	576	389	318
Borrowings	425	8,128	42,306	5,985
Income tax payable	1,012	1,951	4,635	3,520
	50,372	39,552	107,159	57,813
<b>Total liabilities</b>	67,734	52,106	110,372	60,363
<b>Net assets</b>	47,280	98,409	115,237	110,596
<b>Equity</b>				
Share capital	27,754	86,925	122,417	122,417
Accumulated (losses)/profits	4,631	3,075	(17,788)	(27,860)
Statutory reserve	14,157	15,281	17,521	17,521
Currency translation reserve	–	(7,658)	(11,030)	(7,032)
Equity attributable to equity holders of the Company, total	46,542	97,623	111,120	105,046
Non-controlling interests	738	786	4,117	5,550
<b>Total equity</b>	47,280	98,409	115,237	110,596

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### **Review of balance sheet as at 31 December 2013**

As at 31 December 2013, the net book value of the Group's property, plant and equipment was approximately RMB31.7 million. The foregoing constituted 27.5% of the Group's total assets as at 31 December 2013.

As at 31 December 2013, the current assets of the Group amounted to RMB72.7 million. This mainly comprises trade and other receivables amounting to RMB44.5 million and bank and cash balances amounting to RMB25.4 million. Current assets constituted 63.2% of the Group's total assets.

Trade and other receivables amounting of RMB44.5 million accounted for 61.3% of the Group's current assets. The increase in trade and other receivables was mainly due to increase in bills receivables as more customers preferred to pay through banking facilities.

As at 31 December 2013, the non-current liabilities of the Group amounted to RMB17.4 million. The increase was mainly due to a new obligation under the finance lease of RMB1.2 million (non-current portion) for the purchase of a motor vehicle and an increase of RMB0.8 million in imputed interest owing to a related party.

As at 31 December 2013, the total current liabilities of the Group amounted to RMB50.4 million. The trade and other payables amounting of RMB47.9 million accounted for 95.1% of the Group's current liabilities. The increase in trade and other payables was in line with the increase in revenue. Shareholders' equity as at 31 December 2013 was approximately RMB47.3 million.

### **Review of balance sheet as at 31 December 2014**

As at 31 December 2014, the net book value of the Group's property, plant and equipment was approximately RMB29.2 million. The foregoing constituted 19.4% of the Group's total assets as at 31 December 2014.

As at 31 December 2014, the current assets of the Group amounted to RMB110.5 million. This mainly comprises the property amounting to RMB53.5 million, trade and other receivables amounting to RMB32.8 million and cash balances amounting to RMB18.6 million. Current assets constituted 73.4% of the Group's total assets.

Current assets increased by RMB37.7 million from RMB72.7 million as at 31 December 2013 to RMB110.5 million as at 31 December 2014, mainly attributable to a new development property of RMB53.4 million as a result of the acquisition of a piece of land in FY2014. Trade and other receivables decreased by RMB4.0 million mainly due to lower sales of gypsum.

As at 31 December 2014, the non-current liabilities of the Group amounted to RMB12.6 million. The decrease was mainly due to a reclassification of an amount owing to shareholder and repayment of related party loan and finance lease.

As at 31 December 2014, the total current liabilities of the Group amounted to RMB39.6 million. The decrease was mainly due to decrease in other liabilities as a result of lower deposits placed by customers and partially offset by an increase in amount owing to shareholder in relation to reclassification.

Shareholders' equity as at 31 December 2014 was approximately RMB98.4 million.



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### **Review of balance sheet as at 31 December 2015**

As at 31 December 2015, the net book value of the Group's property, plant and equipment was approximately RMB27.2 million. The foregoing constituted 12.1% of the Group's total assets as at 31 December 2015.

As at 31 December 2015, the current assets of the Group amounted to RMB158.2 million. This mainly comprises property amounting to RMB43.2 million, trade and other receivables amounting to RMB60.0 million and cash balances amounting to RMB52.7 million. Current assets constituted 70.1% of the Group's total assets.

Current assets increased by RMB47.7 million from RMB110.5 million as at 31 December 2014 to RMB158.2 million as at 31 December 2015, mainly attributable to increase in trade and other receivables for security deposit placed with supplier to procure the supply of coal and advances paid to suppliers for securing the supply of alumina and increase in cash and cash equivalent pursuant to issuance of 91,400,000 new ordinary shares of S\$0.06 (equivalents to RMB0.28) per share for cash on 16 December 2015 shares and partially offset by a decrease in development property due to impairment on development property.

As at 31 December 2015, the non-current liabilities of the Group amounted to RMB3.2 million. The decreased was mainly due to a reclassification of an amount owing to shareholder due to change in repayment schedule and partially offset by an increase in deferred tax liability due to withholding tax provision for undistributed profits of the Group's China subsidiaries.

As at 31 December 2015, the total current liabilities of the Group amounted to RMB107.2 million. The increase was mainly due to increase in under provision of prior year income tax and withholding tax in relation to the Group's China subsidiaries, increase in trade and other payables due to the outstanding cash consideration for the acquisition of 51% stake in Orion Energy and additional deposits placed by customers for supply of alumina and increase in term loan. Shareholders' equity as at 31 December 2015 was approximately RMB115.2 million.

### **Review of balance sheet as at 30 June 2016**

As at 30 June 2016, the net book value of the Group's property, plant and equipment was approximately RMB25.6 million. The foregoing constituted 15.0% of the Group's total assets as at 30 June 2016.

As at 30 June 2016, the current assets of the Group amounted to RMB103.3 million. This mainly comprises trade and other receivables amounting to 71.1 million and cash balances amounting to RMB30.6 million. Current assets constituted 60.4% of the Group's total assets.

Current assets decreased by RMB54.8 million from RMB158.2 million as at 31 December 2015 to RMB103.3 million as at 30 June 2016, mainly attributable to the disposal of property and decrease in cash and cash equivalents as the Group repaid part of its borrowings. This decrease was partially offset by increase in trade and other receivables which was in line with the increase in coal trading revenue.

As at 30 June 2016, the non-current liabilities of the Group amounted to RMB2.6 million. The decrease was mainly due to repayment of the related party loan.

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As at 30 June 2016, the total current liabilities of the Group amounted to RMB57.8 million. The decrease was mainly due to decrease in trade and other payables which is in line with the decrease in alumina sales and repayment of a term loan.

Shareholders' equity as at 30 June 2016 was approximately RMB110.6 million.

### 3.3 Consolidated statement of Cash Flows

The consolidated statement of cash flow of the Group for FY2013, FY2014, FY2015 and HY2016 are set out below:

	FY2013	FY2014	FY2015	HY2016
	RMB'000 Audited	RMB'000 Audited	RMB'000 Audited	RMB'000 Unaudited
<b>Cash Flows from Operating Activities</b>				
(Loss)/Profit before tax	4,474	3,236	(12,537)	(8,584)
Adjustments for:				
Interest income	(182)	(98)	(3,115)	(1,163)
Interest expense	1,388	1,104	5,558	1,816
Depreciation of property, plant and Equipment	4,751	4,147	4,265	2,122
Depreciation of investment property	216	–	–	–
Gain on disposal of property, plant and Equipment	–	(13)	(73)	–
Gain on disposal of investment property	(90)	–	–	–
Development property written down	–	–	9,336	–
Provision for safety expenses	544	444	187	(71)
Amortisation of intangible assets and land use rights	175	173	169	84
Write-off of prepayment and other receivables	50	–	–	–
Performance shares	–	–	1,009	–
Operating cash flows before working capital changes	11,326	8,993	4,799	(5,796)
Development property	–	(57,296)	(2,713)	44,966
Inventories	386	(2,838)	3,178	707
Receivables	769	11,745	(35,916)	(11,702)
Payables	12,897	(18,998)	23,500	(11,523)
Net effect of exchange rate changes in consolidating foreign operations	–	(3,506)	574	2,689
Cash used in operations	25,378	(61,900)	(6,578)	19,341
Income tax paid	(6,185)	(2,949)	(2,723)	(1,199)
<b>Net cash from/(used in) operating activities</b>	<b>19,193</b>	<b>(64,849)</b>	<b>(9,301)</b>	<b>18,142</b>

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	FY2013	FY2014	FY2015	HY2016
	RMB'000	RMB'000	RMB'000	RMB'000
	Audited	Audited	Audited	Unaudited
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and Equipment	(1,948)	(1,734)	(2,627)	(526)
Purchase of intangible assets	(394)	(303)	(602)	–
Proceeds from disposal of property, plant and equipment	–	94	402	–
Interest received	182	98	3,115	1,163
Payment for acquisition of subsidiary shares	–	–	–	(1,270)
Acquisition of a subsidiary, net of cash acquired	–	–	538	–
<b>Net cash from/(used in) investing activities</b>	<b>2,240</b>	<b>(1,845)</b>	<b>826</b>	<b>(633)</b>
<b>Cash Flows from Financing Activities</b>				
Interest paid	(551)	(214)	(3,749)	(1,816)
Finance lease repayment	(236)	(266)	(535)	(83)
Repayment of advances to related parties	(5,651)	–	–	–
Repayment to shareholder	–	(908)	(5,206)	(6,600)
Advances received from related parties	2,621	–	–	–
Proceed from term loan	–	7,039	29,471	–
Repayment to term loan	–	(4,693)	(2,352)	(30,827)
Repayment of bank borrowings	(3,300)	–	–	–
Repayment of related party loan	(213)	(229)	(249)	(933)
Proceeds from issuance of new shares, net of issuance expenses	–	59,171	25,156	–
<b>Net cash from/(used in) financing activities</b>	<b>(7,330)</b>	<b>59,900</b>	<b>42,536</b>	<b>(40,259)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,103</b>	<b>(6,794)</b>	<b>34,061</b>	<b>(22,750)</b>
Cash and cash equivalents at beginning of financial year	11,314	25,417	18,623	52,673
Effects of exchange rate changes on cash and cash equivalents	–	–	(11)	629
<b>Cash and cash equivalents at end of financial year</b>	<b>25,417</b>	<b>18,623</b>	<b>52,673</b>	<b>30,552</b>

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## LETTER TO SHAREHOLDERS

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A review of the cash flow position for the Group for FY2013, FY2014, FY2015 and HY2016 is set out below:

### **FY2013**

For FY2013, operating cash flow before changes in working capital was approximately RMB11.3 million.

Net cash generated from operating activities was approximately RMB19.2 million. This was mainly due to increase in trade and other payables which was in line with the increased revenue in FY2013.

Net cash generated from investing activities amounted to approximately RMB2.2 million. This was mainly due to proceeds from disposal of investment property partially offset by purchase of plant and equipment and purchase of intangible assets, exploration and evaluation rights.

Net cash used in financing activities amounted to approximately RMB7.3 million. This was mainly due to repayment of bank borrowings and related party loans, partially offset by advances received from related parties.

### **FY2014**

For FY2014, operating cash flow before changes in working capital was approximately RMB9.0 million.

Net cash used in operating activities was approximately RMB64.8 million. This was mainly due to increase of property as a result of the acquisition of a piece of land in FY2014 and decrease in payables as lower deposits were placed by the Group's customers.

Net cash used in investing activities amounted to approximately RMB1.8 million. This was mainly due to purchase of plant and equipment.

Net cash generated from financing activities amounted to approximately RMB59.9 million. This was mainly due to net proceeds from issuance of new Shares on 26 June 2014 pursuant to a placement.

### **FY2015**

For FY2015, operating cash flow before changes in working capital was approximately RMB4.8 million.

Net cash used in operating activities was approximately RMB9.3 million. This was mainly due to increase in receivables and payables as a result of deposits placed with suppliers to procure supply of coal and alumina as well as deposits placed by customers for supply of alumina.

Net cash generated from investing activities amounted to approximately RMB0.8 million. This was mainly due to purchase of plant and equipment and partially offset by interest received.

Net cash generated from financing activities amounted to approximately RMB42.5 million. This was mainly due to net proceeds from issuance of new Shares on 16 December 2015 pursuant to a placement and term loan obtained during the year.

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## LETTER TO SHAREHOLDERS

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### **HY2016**

For HY2016, operating cash flow used before changes in working capital was approximately RMB5.8 million.

Net cash generated from operating activities was approximately RMB18.1 million. This was mainly due to proceeds from the disposal of property and increase in receivables which was in line with the increase in coal trading revenue.

Net cash used in investing activities amounted to approximately RMB0.6 million. This was mainly due to partial repayment for the acquisition of ordinary shares in the capital of Orion.

Net cash used in financing activities amounted to approximately RMB40.3 million. This was mainly due to repayment of term loans and shareholder's loan.

### **3.4 Working Capital**

The working capital of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 are set out below:

	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>30 June 2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Total Current Assets	72,726	110,475	158,157	103,344
Total Current Liabilities	50,372	39,552	107,159	57,813
Net Working Capital	22,354	70,923	50,998	45,531

A review of the working capital of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 is set out below:

#### **As at 31 December 2013 compared to 31 December 2012**

The increase in net working capital of RMB6.8 million from RMB15.5 million as at 31 December 2012 to RMB22.4 million as at 31 December 2013 was due to increase in bank and cash balances of RMB14.1 million, decrease in provision of RMB0.5 million, decrease in borrowings of RMB8.5 million and decrease in income tax payable of RMB1.2 million. This increase was offset by decrease in inventories of RMB0.4 million, decrease in trade and other receivables of RMB4.4 million and increase in trade and other payables of RMB12.7 million.

#### **As at 31 December 2014 compared to 31 December 2013**

The increase in net working capital of RMB48.6 million from RMB22.4 million as at 31 December 2013 to RMB70.9 million as at 31 December 2014 was due to increase in property of RMB53.5 million, increase in inventories of RMB2.8 million, decrease in trade and other payables of RMB19.0 million and decrease in provision of RMB0.4 million. This increase was offset by decrease in trade and other receivables of RMB11.7 million, decrease in bank and cash balances of RMB6.8 million, increase in borrowings of RMB7.7 million and increase in income tax payable of RMB0.9 million.

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## LETTER TO SHAREHOLDERS

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### **As at 31 December 2015 compared to 31 December 2014**

The decrease in net working capital of RMB19.9 million from RMB70.9 million as at 31 December 2014 to RMB51.0 million as at 31 December 2015 was due to decrease in development property of RMB10.3 million, decrease in inventories of RMB3.2 million, increase in trade and other payables of RMB30.9 million, increase in borrowings of RMB34.2 million and increase in income tax payable of RMB2.7 million. This decrease was offset by increase in trade and other receivables of RMB27.1 million, increase in bank and cash balances of RMB34.1 million and decrease in provision of RMB0.2 million.

### **As at 30 June 2016 compared to 31 December 2015**

The decrease in net working capital of RMB5.5 million from RMB51.0 million as at 31 December 2015 to RMB45.5 million as at 30 June 2016 was due to decrease in development property of RMB43.2 million, decrease in inventories of RMB0.7 million and decrease in bank and cash balances of RMB22.1 million. This decrease was offset by increase in trade and other receivables of RMB11.2 million, decrease in trade and other payables of RMB11.8 million, decrease in borrowings of RMB36.3 million and decrease in income tax payable of RMB1.1 million.

## **4. FINANCIAL EFFECTS OF THE RIGHTS ISSUE**

### **4.1 Assumptions**

The pro forma financial effects of the Rights Issue are purely for illustration purposes only and do not purport to be indicative or a projection or an estimate of the future results and financial positions of the Company and/or the Group immediately following the completion of the Rights Issue.

The financial effects have been prepared based on the latest announced audited consolidated financial statements of the Group for FY2015.

The financial effects are presented herein after taking into account the following assumptions:

- (a) all the Entitled Shareholders subscribe and pay for their pro rata entitlements of Rights Shares;
- (b) all the Rights Shares have been issued;
- (c) for the purpose of computing the financial effects of the Rights Issue on the Net Tangible Assets (“NTA”) per Share of the Group:
  - (i) the issuance of new Shares on 12 August 2016 of 36,666,000 shares via placement has been completed on 31 December 2015 (“**Placement Shares**”); and
  - (ii) the Rights Issue is assumed to have been completed on 31 December 2015; and

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## LETTER TO SHAREHOLDERS

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- (d) for the purpose of computing the financial effects of the Rights Issue on the loss per Share (“LPS”) of the Group:
- (i) the issuance of Placement Shares on 12 August 2016 completed on 1 January 2015; and
  - (ii) the Rights Issue is assumed to have been completed on 1 January 2015.
- (e) The exchange rate SGD1:RMB4.8239 is based on Authority at the Latest Practicable Date, [www.mas.gov.sg](http://www.mas.gov.sg).

### 4.2 NTA

The effects on the consolidated NTA of the Group for FY2015 will be as follows:

	<b>RMB’000</b>
NTA as at 31 December 2015	111,120
Add: Net proceeds from the issuance of Placement Shares	10,835
Add: Proceeds from the issue of all of the Rights Shares	125,282
NTA after the issue of all the Rights Shares	247,538
	<b>’000</b>
Number of Shares before the issue of all the Rights Shares	520,670
Add: Issuance of all of the Rights Shares	2,603,350
Number of Shares after the issue of all the Rights Shares	3,124,020
NTA per Share before the issue of all the Rights Shares (RMB)	0.23
NTA per Share after the issue of all the Rights Shares (RMB)	0.08

### 4.3 LPS

The effects on the consolidated LPS of the Group for FY2015 will be as follows:

	<b>RMB’000</b>
Net loss attributable to the owners of the Company	(18,623)
	<b>’000</b>
Weighted average number of shares for FY2015 after the issuance of Placement Shares and before the issue of all the Rights Shares	520,670
Add: Issuance of all of the Rights Shares	2,603,350
Weighted average number of shares for FY2015 after the issue of all the Rights Shares	3,124,020
Loss per Share before the issue of all the Rights Shares (RMB Cents)	(3.58)
Loss per Share after the issue of all the Rights Shares (RMB Cents)	(0.60)

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## LETTER TO SHAREHOLDERS

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### 4.4 Share Capital

The effects on the Share Capital of the Company are as follows:

	Number of Shares	Share Capital RMB'000
Existing share capital as at 31 December 2015	484,004,000	122,417
Add: Issuance of Placement Shares	36,666,000	10,835
Add: Issuance of all of the Rights Shares	2,603,350,000	125,282
Enlarged share capital after the issue of all the Rights Shares	3,124,020,000	258,534

### 4.5 Gearing

The effects on the Gearing of the Group is as follows:

Gearing before the issue of all the Rights Shares	0.83
Gearing after the issue of all the Rights Shares	0.43

## 5. MATERIAL LITIGATION

The Company is not, as at the Latest Practicable Date, engaged in any litigation, either as plaintiff or defendant, which might materially or adversely affect the financial position or businesses of the Company and its subsidiaries taken as a whole, and the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

## 6. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the Latest Practicable Date:

- (a) conditional sales and purchase agreement dated 13 November 2014 ("**LTN Agreement**") entered between the Company and all the shareholders of LTN Land Pte. Ltd. ("**Vendors**") whereby the Company will acquire all the issued shares in the capital of LTN Land Pte. Ltd. on terms and conditions of the LTN Agreement for an aggregate consideration of approximately S\$38,500,000. On 21 January 2015, the Company entered into a supplemental deed to the LTN Agreement with the Vendors, pursuant to which the consideration was amended from approximately S\$38,500,000 to approximately S\$24,100,000. The LTN Agreement and its supplemental deed had expired on 31 March 2015, and the acquisition had been terminated accordingly; and
- (b) the Company and SCL Murray Pte Ltd ("**SCL Murray**") entered into a settlement agreement ("**Settlement Agreement**") with Mr Damon Ferguson, Mr Chad Ferguson and Mr Anthony Hatt (collectively the "**Richardson 1 Directors**") as well as Mr Tan Wei Loon (also known as Mr Lawrence Tan) ("**Lawrence Tan**") setting out, *inter alia*, the



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## LETTER TO SHAREHOLDERS

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resolution of certain loans undertaken by SCL Murray. The Company and SCL Murray further entered into a supplemental agreement (“**Supplemental Settlement Agreement**”) with the Richardson 1 Directors and Lawrence Tan to, *inter alia*, set out the timeline for repayment of certain amounts by the Richardson 1 Directors and confirmation of the Company that it would not be continuing with the proposed development of 581 Murray Street, Perth, Australia.

### 7. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights Issue being obtained at the EGM. Acceptances and applications under the Rights Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (i) the PAL, in the case of Entitled Scripholders;
- (ii) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and
- (iii) the ARS or through the ATMs of the participating banks, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

### 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Rights Issue.

#### 8.1 Interests in Shares

As at the Latest Practicable Date, the interests of the Directors in the issued and paid-up capital of the Company as recorded in the Register of Directors’ Shareholdings maintained pursuant to Section 164 of the Companies Act and the interests of the Substantial Shareholders in the issued and paid-up capital of the Company as recorded in the Register of Substantial Shareholder(s) maintained pursuant to Section 88 of the Companies Act are as follows:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Chu Ming Kin	13,968,000	2.68	–	–
Lim Jin Wei	–	–	–	–
Lim Teck Chai, Danny	–	–	–	–
Ian Tan Tee Hiang	–	–	–	–

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## LETTER TO SHAREHOLDERS

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Substantial Shareholder(s) other than Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ng Han Meng	39,000,000	7.49	–	–
Wang Li	31,920,000	6.13	–	–

### 9. DIRECTORS' RECOMMENDATION

Having considered the terms and conditions of and rationale for the Rights Issue, the Directors are of the opinion that the Rights Issue is in the best interests of the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Rights Issue (which includes the allotment of Excess Rights Shares and the use of proceeds from the Rights Issue) as set out in the Notice of EGM.

### 10. EXTRAORDINARY GENERAL MEETING

The EGM will be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on 15 February 2017 at 9.30 am for the purpose of considering and, if thought fit, passing with or without modification(s), the resolution as set out in the Notice of EGM.

### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts, about the Rights Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information has been reproduced 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 is accurately and correctly extracted from these sources and/or reproduced in this Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours from the date of this Circular to the time and date of the EGM:

- (a) the Constitution of the Company;
- (b) each of the annual reports of the Company for FY2013, FY2014 and FY2015;
- (c) LTN Agreement and its supplemental deed;
- (d) Settlement Agreement and the Supplemental Settlement Agreement.

Yours faithfully  
For and on behalf of  
the Board of Directors of  
Sincap Group Limited  
Chu Ming Kin

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SINCAP GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201005161G)

**All capitalized terms in this Notice which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 31 January 2017.**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of Sincap Group Limited (the “**Company**”) will be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on 15 February 2017 at 9.30 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following ordinary resolution.

#### **ORDINARY RESOLUTION: THE RIGHTS ISSUE**

That a proposed renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 2,603,350,000 new ordinary shares of the Company (the “**Rights Shares**”) at an issue price of S\$0.01 (the “**Issue Price**”) per Rights Share on the basis of five (5) Rights Shares for every one (1) existing share in the capital of the Company held as at a books closure date to be determined (the “**Books Closure Date**”), fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Board of Directors to:–

- (a) create and issue such number of Rights Shares as the Directors may determine up to 2,603,350,000 Rights Shares at an issue price of S\$0.01 per Rights Share;
- (b) effect the Rights Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:–
  - (i) the provisional allotments of the Rights Shares under the Rights Issue shall be made on a renounceable basis to the Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited (the “**CDP**”) as at the Books Closure Date with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of five (5) Rights Shares for every one (1) existing share in the capital of the Company;
  - (ii) no provisional allotment of Rights Shares shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three (3) Market Days prior thereto, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
  - (iii) the entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iv) the entitlements to Rights Shares not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
- (v) the Rights Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of the issue of the Rights Shares;
- (vi) to aggregate and allot the entitlements to the Rights Shares not taken up or allotted for any reason or which represent fractional entitlements disregarded in accordance with the terms of the Rights Issue, if any, to the following persons in the order of priority as below:
  - (aa) first, to any Shareholders in satisfaction of their applications for excess Rights Shares (the “**Excess Applications**”), if any, with preference given to Shareholders for the rounding of odd lots, provided that where there are insufficient excess Rights Shares to allot to each application, the Company shall allot the excess Rights Shares to the Shareholders at the Directors’ discretion, and provided that as between such Shareholders, Directors and Substantial Shareholders will rank last in priority; and
  - (bb) second, to any investors (not being Shareholders) who wish to invest in the Company, if any, in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit in the best interests of the Company, provided that as between such investors, investors who are Directors of the Company will rank last in priority;
- (c) utilise the net proceeds of the allotment and issuance of the Rights Shares towards expanding/growing the mining and/or mineral and resource trading of the Company and its subsidiaries (“**Group**”) (which includes but is not limited to the current and/or future mining and/or mineral and resource trading of the Group, any related complementary or ancillary businesses and towards securing any credit facilities for the Group) and financing business ventures through acquisitions, joint ventures, partnerships, cooperation and/or strategic investments which includes mining and/or mineral and resource trading and any related, complementary or ancillary businesses and working capital; and
- (d) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights Issue (including fixing the Books Closure Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors of the Company or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Rights Issue.

The Company will not make any allotments and issuance of any Rights Shares (whether through provisional allotments, purchase of provisional allotments and/or applications for excess Rights Shares) that would result in a transfer of controlling interest in the Company.

By Order of the Board  
**SINCAP GROUP LIMITED**  
Low Yew Shen  
Leow Siew Yon  
Joint Company Secretaries  
Singapore, 31 January 2017

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### NOTES:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. A member who is not a relevant intermediary (as defined in section 181 of the Companies Act (Cap. 50)) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.
3. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's form of proxy appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.
4. In any case where more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its common seal or under the hand of any duly authorised officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413, not less than 48 hours before the time appointed for the EGM, failing which the instrument may be treated as invalid shall be attached to the instrument of proxy.
6. The instrument appointing a proxy must be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413, not less than 48 hours before the time of the EGM.
7. Unless defined herein, capitalised terms in the Resolution set out in this Notice of EGM shall bear the same meanings as in the Circular to Shareholders dated 31 January 2017.

### PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## PROXY FORM

### SINCAP GROUP LIMITED

(Company Registration No. 201005161G)  
(Incorporated in the Republic of Singapore)

### PROXY FORM

(Please see notes overleaf before completing this Form)

**IMPORTANT:**

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)  
of \_\_\_\_\_ (Address)  
being a member/members of SINCAP GROUP LIMITED (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address			

to attend and vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on 15 February 2017 at 9.30 a.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the ordinary resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies\* will vote or abstain from voting at his/their\* discretion.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising at the Extraordinary General Meeting not summarised below, the proxy/proxies may vote or abstain from voting as he/they may think fit.

As Ordinary Resolution:	For	Against
To authorise the Rights Issue (including allotment of excess Rights Shares and to approve the use of proceeds from the Rights Issue)		

Note: Please note that the short descriptions given above of the Resolution to be passed do not in any way whatsoever reflect the intent and purpose of the Resolution. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Extraordinary General Meeting for the full purpose and intent of the Resolution to be passed.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2017.

Total Number of Shares in:	No. of Shares
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) and  
Common Seal of Corporate Member

\* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the relevant sections of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the above Extraordinary General Meeting of the Company (“EGM”) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. A member who is not a relevant intermediary (as defined in section 181 of the Companies Act (Cap. 50)) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.
4. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's form of proxy appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.
5. In any case where a more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first name proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413, not less than 48 hours before the time appointed for the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
8. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall, if required by law, be duly stamped and be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413, not less than 48 hours before the time appointed for the EGM, failing which the instrument may be treated as invalid.
9. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
10. Subject to note 11 below, completion and return of this appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
11. An investor who holds shares under the Supplementary Retirement Scheme (“SRS Investors”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. SRS Investors who are unable to attend the EGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the EGM.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 31 January 2017.

**General:**

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.