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

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**PROPOSED DISPOSAL OF DORMANT SUBSIDIARIES**

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## 1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Sincap Group Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") wishes to announce that the Company (the "**Vendor**") and Mr Chu Ming Kin, being the executive chairman and chief executive officer ("**CEO**") of the Company (the "**Purchaser**") (collectively the "**Parties**") has on 28 June 2023 entered into a sale and purchase agreement (the "**SPA**"), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the entire issued and paid-up share capital (the "**Sales Shares**") of Sincap Australia Pte. Ltd. ("**Sincap AU**") and Sincap Properties Pte. Ltd. ("**Sincap Properties**") for a cash consideration of S$1 (the "**Proposed Disposal**").

As all of the relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rule(s)**") amount to 5% or less, the Proposed Disposal is thus classified as a "non-discloseable transaction". Further details are set out in paragraph 7 below.

The Purchaser, being the executive chairman and CEO of the Company, is considered as an "interested person" within the meanings of Catalist Rule 904(4)(a). As such, the Proposed Disposal is considered as an "interested person transaction". However, pursuant to Catalist Rule 905(3), as the value of the Proposed Disposal is below S$100,000, Catalist Rules 905(1) and 905(2) do not apply. Accordingly, no announcement nor shareholders' approval is mandated for the Proposed Disposal under Chapter 9 of the Catalist Rules. There were no other interested person transactions entered into between the Company and the Purchaser from 1 January 2023 up to the date of this announcement.

Notwithstanding the foregoing, the Company is making a voluntary announcement on the Proposed Disposal pursuant to Catalist Rules 706A and 1008(2).

## 2. INFORMATION ON THE PURCHASER, SINCAP AU AND SINCAP PROPERTIES

### 2.1. THE PURCHASER

The Purchaser is the executive chairman and CEO of the Company. Save for his directorship and employment by the Company and/or its subsidiaries (as the case may be), the Purchaser and his associates are not connected to any of the other directors, executive officers or substantial shareholders of the Company.

2.2. **SINCAP AU**

Sincap AU was incorporated in Singapore on 19 February 2014 as an investment holding company with limited liability. Sincap AU has an issued and paid-up share capital of S$11,800,000 consisting of 11,800,000 ordinary shares, all of which is legally and beneficially owned by the Company. Sincap AU is the holding company of Sincap Land (AUS) Pty Ltd and SCL Murray Pty Ltd (collectively, the "**Sincap AU Group**"), both of which were incorporated in Australia. As of the date of this announcement, Sincap AU Group is not engaged in any business activities. The unaudited net tangible liabilities of Sincap AU Group as set out in its unaudited management accounts were approximately RMB9,000 as at 31 March 2023. Following the completion of the Proposed Disposal, the companies comprising Sincap AU Group will cease to be subsidiaries of the Company.

2.3. **SINCAP PROPERTIES**

Sincap Properties was incorporated in Singapore on 7 June 2017 as an investment holding company with limited liability. Sincap Properties has an issued and paid-up share capital of S$10,000 consisting of 10,000 ordinary shares all of which is legally and beneficially owned by the Company. Sincap Properties is the holding company of Chengdu Weili Technology Co. Ltd (collectively, the "**Sincap Properties Group**"), which was incorporated in the People's Republic of China. As announced on 6 March 2023, Chengdu Weili Technology Co. Ltd was a dormant company and had been dissolved by way of deregistration. The unaudited net tangible liabilities of Sincap Properties Group as set out in its unaudited management accounts were RMB1,000 as at 31 March 2023. As of the date of this announcement, the Sincap Properties Group is not engaged in any business activities. Following the completion of the Proposed Disposal, the companies comprising Sincap Properties Group will cease to be subsidiaries of the Company.

**3. RATIONALE FOR THE PROPOSED DISPOSAL**

3.1. The Proposed Disposal is in line with the Group's plans to de-consolidate its dormant subsidiaries and further streamline its group structures thereby facilitating the Group in evaluating its potential reverse takeover plans, as previously updated.

3.2. Sincap AU Group and Sincap Properties Group are dormant, and despite not engaging in any business activities, have been incurring and will continue to incur corporate administrative and compliance-related expenses. The completion of the Proposed Disposal will help the Group save on such operating costs.

3.3. Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company and the shareholders, having regard to the terms of and the rationale of the Proposed Disposal.

## 4. SALIENT TERMS OF THE SPA

4.1. Sale and Purchase of Shares

Subject to the terms and conditions of the SPA:

(a) The Company shall sell, and the Purchaser shall purchase, the Sale Shares, free from any encumbrances and together with all rights, benefits and entitlements attaching thereto as at the date of completion, for the consideration of S$1.00 (the "**Consideration**"); and

(b) Sincap AU Group and Sincap Properties Group have disclosed to the Company that the total professional fees as may be payable to auditor, tax agent, accountant, company secretary and other professionals by Sincap AU Group and Sincap Properties Group before the Completion is estimated to be approximately S$30,000, which have not been accrued as at the date of the SPA. The Parties have thus agreed that the Company shall pay such expenses provided that (i) such expenses are substantiated by invoices; and (ii) the total amount shall not exceed S$30,000. For the avoidance of doubt, the Company shall not be liable for any of such expenses in excess of S$30,000.

4.2. Conditions Precedent

Completion of the Proposed Disposal is subject to the following conditions precedent ("**Conditions**") being fulfilled (or, where applicable, waived in accordance with the SPA):

(a) such consents, approvals or waivers as may be required (or deemed necessary by the parties to the SPA (the "**Parties**")) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the Parties in respect of the transaction contemplated under the SPA and such consents, approvals or waivers not having been amended or revoked before completion under the SPA or the date falling six (6) months after the date of the SPA (the "**Long Stop Date**") (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties;

(b) all representations, undertakings and warranties under the SPA being complied with and are true, accurate and correct as at the date of the SPA and as at completion date or the Long Stop Date (whichever is earlier), unless expressly specified otherwise;

(c) no relevant government authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or making, proposing or enacting any statute, regulation, decision, ruling, statement or order or taking any steps to do so, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:

(i) make the transactions contemplated under the SPA void, illegal and/or unenforceable or otherwise frustrate or be adverse to the same; and/or

(ii) render the Purchaser being unable to acquire all or any of the Sale Shares;

(d) the Parties not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, order or action which is threatened; and

(e) approval of the board of directors of the Company for the transactions contemplated herein and all such transactions ancillary thereto as may be necessary.

4.3. Completion

Completion under the SPA shall take place on such date and at such place as the Parties may agree, provided that the date of completion shall be no later than the Long Stop Date.

4.4. Consideration

The Consideration was determined by the Company and the Purchaser at arm's length and on a willing-buyer willing-seller basis, taking into account of the dormant status and the latest net liabilities position of Sincap AU Group and Sincap Properties Group as at 31 March 2023. As set out in the unaudited management accounts, the net tangible liabilities represents the total net liabilities of Sincap AU Group and Sincap Properties Group were approximately RMB9,000 and RMB1,000, respectively as at 31 March 2023. There is no open market value for the Sale Shares as they are not publicly traded.

No valuation was commissioned on the Sale Shares in connection with the Proposed Disposal as the Board is of the view that such a valuation will not be meaningful taking into account the dormant status and net liabilities position of Sincap AU Group and Sincap Properties Group. The Board also took into consideration Catalist Rule 1014(5) and the fact that the relative figures computed on the bases set out in Catalist Rule 1006, as set out in paragraph 7.1 of this announcement, do not exceed 75%,

4.5. Indemnity

The Purchaser, being the executive chairman and CEO of the Company and the sole director of each of Sincap AU and Sincap Properties, hereby agrees to indemnify, defend and hold harmless the Vendor (and its directors, officers, employees, agents, representatives, affiliates, successors and assigns) from and against all losses, liabilities, damages, deficiencies, demands, claims, actions, judgments or causes of action, assessments, costs or expenses (including, without limitation, interest, penalties and surcharges, whether arising out of taxation or otherwise, and reasonable legal fees and disbursements) based upon, arising out of or otherwise in respect of any claim by any parties against Sincap AU Group and Sincap Properties Group as a result of any antecedent breach of or non-compliance with any aspect of the applicable laws, regulations, statutes, codes, ordinances or other regulatory requirements (including but not limited to areas of corporate governance, environment and taxation) of Australia, Singapore or elsewhere to which the Sincap AU Group and the Sincap Properties Group are subject.

## 5. FINANCIAL EFFECTS

The Proposed Disposal is not expected to have any material effect on the net liabilities and loss per share of the Company for the financial year ended 31 December 2022.

## 6. USE OF PROCEEDS

As the consideration under the SPA is S$1.00, it is not meaningful to discuss the use of proceeds from the Proposed Disposal.

## 7. RELATIVE FIGURES UNDER CATALIST RULE 1006 AND PRACTICE NOTE 10A

7.1. The relative figures for the Proposed Disposal computed on the relevant bases of comparison set out in Catalist Rule 1006, based on the Group's latest announced consolidated interim financial statements for FY2021 as announced on 10 May 2023, are as follows:

| **Catalist Rule 1006** | **Bases** | **Relative Figures** |
|---|---|---|
| (a) | Net liabilities of the assets to be disposed (RMB'000) | (10) [2] |
| | Net asset value of the Group (RMB'000) | (5,839) [3] |
| | **Size of relative figure** | **(0.17)%** |
| (b) | Net losses[1] attributable to the Sincap AU Group & Sincap Properties Group (RMB'000) | (1) [2] |
| | Net losses[1] of the Group (RMB'000) | (192,586) [3] |
| | **Size of relative figure** | **(0.00)%** [5] |
| (c) | Aggregate value of the consideration received (RMB) | 1 |
| | Market capitalisation of the Company (RMB) | 43,715,711 |
| | **Size of relative figure** | **0.00%** [5] |
| (d) | Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue | This basis is not applicable as the Proposed Disposal relates to the disposal of assets and no equity securities are issued by the Company. |
| (e) | Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves | This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not applicable to an acquisition of assets |

***Notes:***

*(1) Under Catalist Rule 1002(3)(b), "net profits" is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.*

*(2) Based on the latest unaudited management accounts of Sincap AU Group and Sincap Properties Group as at 31 March 2023 with net liabilities of RMB9,000 and RMB1,000, respectively, and net losses of RMB1,000 and RMB1,000, respectively.*

*(3) Based on the latest consolidated financial statements of the Group for FY2021 as announced on 10 May 2023.*

*(4) The market capitalization has been computed based on the total number of issued shares of 1,701,000,410 shares of the Company (the "**Shares**") at S$0.005, the share price last traded on the SGX-ST on 3 May 2021, before the Shares were suspended from trading on 4 May 2021.*

*(5) Less than 0.01%.*

7.2. As none of the absolute relative figures computed on the bases set out in Catalist Rule 1006 exceed 5%, the Proposed Disposal would ordinarily constitute a "non-discloseable transaction" as defined in Chapter 10 of the Catalist Rules.

7.3. However, as the relative figures computed pursuant to Catalist Rule 1006 involve negative figures due to the net asset value of the Group being negative and loss-making situation, the Company has considered Catalist Rule 1007(1) and the applicable circumstances in Practice Note 10A of the Catalist Rules. As the Proposed Disposal constitutes (i) a disposal of assets by an issuer (where either or both the asset or the issuer has negative net asset value); and (ii) a disposal of a loss-making asset by an issuer (whether profitable or loss-making), the operative provisions of Practice Note 10A of the Catalist Rules are paragraphs 4.3(c) and 4.3(e). The Company has also computed the financial effects taking into account of the accounting adjustments for transferring cumulative amount of the exchange differences which were previously recognized in other comprehensive income as arose from the Proposed Disposal in accordance with Singapore Financial Reporting Standard (International) 1-21 - *The Effects of Changes in Foreign Exchange Rates* that the overall computed loss on the Proposed Disposal amounts to less than 5% of the consolidated net loss for the Group for the financial year ended 31 December 2021.

7.4. Given that the absolute relative figures of Catalist Rule 1006(a), 1006(b) and 1006(c) (as computed in paragraph 7.1 of this announcement) and relative figures as guided by Practice Note 10A paragraph 4.3(c)(ii) and 4.3(e)(ii) (as mentioned in paragraph 7.3 of this announcement) amount to less than 5% or less, the Proposed Disposal satisfies the requirements of, and falls under, both paragraph 4.3(c) and paragraph 4.3(e) of Practice Note 10A of the Catalist Rules, no announcement and shareholders' approval of the Proposed Disposal is required.

7.5. Nevertheless, as the Proposed Disposal involves the sale of the Shares resulting in both Sincap AU Group and Sincap Properties Group ceasing to be subsidiaries of the Company, the Company is making a voluntary announcement on the Proposed Disposal pursuant to Catalist Rules 706A and 1008(2).

## 8. CAUTIONARY STATEMENT

The shares in the Company have been suspended from trading since 4 May 2021. Shareholders and potential investors of the Company are advised to read this announcement and any past and future announcements by the Company carefully and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

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

By Order of the Board
**SINCAP GROUP LIMITED**

CHU MING KIN
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
28 JUNE 2023

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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