

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

PROPOSED ACQUISITION OF ORION ENERGY RESOURCES PTE. LTD.

1. INTRODUCTION

The board of directors ("**Directors**" or the "**Board**") of Sincap Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 1 April 2015 and 18 May 2015 (the "**Announcements**").

Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcements.

Further to the Announcements, the Board wishes to announce that the Company had, on 30 June 2015, entered into a conditional share purchase agreement (the "**Agreement**") with Ms Wang Li and Mr Choo Chin Lin (Zhu Jinlin) (collectively, the "**Vendors**") to acquire 10,000 ordinary shares ("**Sale Shares**") representing 100% of the entire issued and paid-up share capital of Orion Energy Resources Pte. Ltd. ("**Orion**" or the "**Target Company**") for an aggregate purchase consideration of S\$7,182,000 (the "**Consideration**") ("**Proposed Acquisition**").

2. INFORMATION ON THE TARGET COMPANY AND THE VENDORS

2.1 Information on the Target Company

Orion is a company incorporated in Singapore on 3 October 2014, with an issued and paid-up share capital of S\$10,000 comprising 10,000 ordinary shares. Orion is engaged in mineral trading and logistics management. It is currently supplying weekly shipments of coal to power plants owned by a state-owned enterprise in China. Orion also has direct access to major traders and mine owners in Indonesia where it procures supply of coal to fulfill the long term needs of the power plants owned by a state-owned enterprise in China.

Based on the unaudited management accounts for the period from its date of incorporation to 31 May 2015, the unaudited profit before tax of Orion amounted to approximately USD853,000 (or S\$1,134,490 based on an exchange rate of USD1:S\$1.33) and the unaudited net tangible assets of Orion as at 31 May 2015 amounted to approximately USD860,000 (or S\$1,143,800 based on an exchange rate of USD1:S\$1.33).

2.2 Information on the Vendors

The Vendors are the legal and beneficial owners of the entire issued and paid-up share capital of Orion, each holding such number of Sale Shares as follows:

Name of Vendor	Number of Sale Shares held	Percentage of ownership in the Target Company
Ms. Wang Li ⁽¹⁾	8,400	84%
Mr Choo Chin Lin (Zhu Jinlin) ⁽²⁾	1,600	16%

Notes:

- (1) Ms Wang Li is a People's Republic of China national and is a businesswoman with 10 years of experience in trading minerals and resources in Southeast Asia and China.
- (2) Mr Choo Chin Lin (Zhu Jinlin) is a Singaporean. He is the current director of the Target Company and has various business interests in other resource companies.

Both of the Vendors are not related to any of the Directors, substantial Shareholders or controlling Shareholders of the Company.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The Consideration of S\$7,182,000 shall be satisfied in full by the allotment and issuance by the Company of 133,000,000 new issued and paid-up ordinary shares ("**Shares**") in the capital of the Company ("**Consideration Shares**") to the Vendors, at an issue price of S\$0.054 ("**Issue Price**"). The Issue Price represents a 9% discount to S\$0.0594, being the volume weighted average price of the Shares traded on 29 June 2015, being the market day preceding the date of the Agreement.

The Consideration Shares will be issued and allotted in accordance with the Vendors' respective shareholdings in Orion, in the following proportions:

Name of Vendor	Shareholding in the Target Company (%)	Number of Consideration Shares	Allotted Consideration Shares as a percentage of the enlarged share capital of the Company (%)	Resultant percentage shareholding in the enlarged share capital of the Company (%)
Ms. Wang Li	84.00	111,720,000	22.91	22.91
Mr. Choo Chin Lin (Zhu Jinlin)	16.00	21,280,000	4.36	4.36
TOTAL	100.00	133,000,000	27.27	27.27

The Consideration Shares will be issued pursuant to the general share issue mandate granted by Shareholders of the Company ("**Shareholders**") by way of ordinary resolution at the annual general meeting held on 30 April 2015 ("**2015 Share Issue Mandate**") for the issue of new Shares and/or convertible securities not exceeding 100% of the total number of issued Shares of the Company (excluding treasury Shares), of which the aggregate number of new Shares to be issued other than on a pro rata basis to all existing shareholders of the Company shall not exceed 50% of the total number of issued Shares of the Company (excluding treasury Shares) at the date of the 2015 Share Issue Mandate.

As at the date of this announcement, the Company has not issued any Shares pursuant to the 2015 Share Issue Mandate. The Consideration Shares represent approximately 37.51% of the Company's total number of issued Shares of 354,604,000 at the time the approval for the 2015 Share Issue Mandate was granted. Accordingly, the proposed allotment and issuance of the Consideration Shares falls within the limit of the 2015 Share Issue Mandate.

The Consideration Shares, when allotted and issued, will be credited as fully paid for, free and clear of all encumbrances and will rank *pari passu* with all existing Shares in the capital of the Company.

The Company will be making an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") via the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**") for the listing of and quotation for the Consideration Shares on Catalist upon date of completion of the Proposed Acquisition ("**Completion Date**").

3.2 Basis of arriving at the Consideration

The Consideration was agreed upon pursuant to arm's length negotiations between the Company and the Vendors on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the unaudited profit before tax of approximately USD853,000 of Orion for the financial period from its date of incorporation to 31 May 2015, and the Target Company's growth prospect and synergy to the Company.

There was no independent valuation conducted on the Target Company.

3.3 Earn-out Shares

Pursuant to the Agreement, the parties have agreed that if the Target Company achieves certain audited profit before tax ("**Profit**") target ("**Profit Target**") as set out in each band ("**Band**") below during the period commencing on the Completion Date and ending on 31 December 2015 ("**Earn-out Period**"), the Company shall, no later than 14 business days from the date that the audit of the Target Company's financial statements for the Earn-out Period is completed, allot and issue the relevant aggregate number of new Shares to the Vendors ("**Earn-out Shares**"), credited as fully paid, at the Issue Price for each Earn-out Share:

Band number	Profit Target	Number of Earn-out Shares to be issued
1	First S\$1,000,000 ⁽¹⁾	27,777,777
2	Next S\$1,000,000	27,777,777
3	Next S\$1,000,000	27,777,777
4	Next S\$1,000,000	27,777,777
5	Final S\$1,000,000 ⁽²⁾	17,703,704
Total		128,814,812

Notes:

- (1) If the Target Company achieves a Profit of less than S\$1,000,000 during the Earn-out Period, the Vendors shall not be entitled to any Earn-out Shares and the Company shall have no further obligation to the Vendors pursuant to the Agreement.
- (2) If the Target Company achieves a Profit exceeding S\$5,000,000 during the Earn-out Period, the Vendors shall not be entitled to any additional Earn-out Shares in excess of the total number of Earn-out Shares to be allotted and issued pursuant to the Agreement, being 128,814,812 Earn-out Shares ("**Maximum Earn-out Shares**").

The Vendors' entitlement to the Earn-out Shares shall apply cumulatively. The Vendors shall be entitled to the full entitlement of Earn-out Shares in each Band where the Profit Target is fully achieved by the Target Company, and such number of Earn-out Shares according to the highest Band achieved on a pro-rata basis in accordance with the actual Profit achieved by the Target Company, fractional Shares to be disregarded.

Strictly for illustrative purposes only, if the Target Company achieves a Profit of S\$3,500,000, the Vendors will be entitled to an aggregate of 97,222,219 Earn-out Shares, comprising: (a) 83,333,331 Earn-out Shares being in aggregate the full entitlements of Bands 1, 2 and 3; and (b) 13,888,888 Earn-out Shares, being the pro-rata entitlement of Band 4, fractional Shares being disregarded.

The Earn-out Shares will be issued pursuant to the general share issue mandate to be granted by Shareholders by way of ordinary resolution at the annual general meeting to be held in April 2016 ("**2016 Share Issue Mandate**") for the issue of new Shares and/or convertible securities not exceeding 100% of the total number of issued Shares of the Company (excluding treasury Shares), of which the aggregate number of new Shares to be issued other than on a pro rata basis to all existing shareholders of the Company shall not exceed 50% of the total number of issued Shares of the Company (excluding treasury Shares) at the date of the 2016 Share Issue Mandate.

3.4 Conditions Precedent

The Proposed Acquisition is conditional upon the satisfaction (or waiver) of, *inter alia*, the following conditions ("**Conditions Precedent**") on or before completion of the Proposed Acquisition ("**Completion**"):

- (i) all approvals, waivers or consents as may be required for the sale of the Sale Shares, to enable the Company and/or its nominee(s) to be registered as holder(s) of all of the Sale Shares, and to give effect to the transactions contemplated hereunder (including without limitation, under all applicable laws and such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Target Company is a party or by which the Target Company or its assets are bound) being obtained and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;
- (ii) the results of the legal due diligence exercise being satisfactory to the Company;
- (iii) the representations, warranties and undertakings of the Vendors contained in the Agreement remaining true and accurate in all respects and not misleading in any respect, as at Completion, by reference to the facts and circumstances then existing, and there being no breaches of any covenants, undertakings and agreements required to be performed or caused to be performed by the Vendors under the Agreement on or before the Completion Date;
- (iv) the parties not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the Agreement or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (v) there being no material adverse change in the business, operations, assets, financial condition or prospects of the Target Company since the date of signing of the Agreement;
- (vi) the relevant authorities not having enacted, amended or proposed any law or legislation (including any subsidiary legislation) which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the Agreement or the operations of the Target Company;
- (vii) the allotment and issuance of the Consideration Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority of Singapore;
- (viii) the Company having obtained the relevant confirmations and approvals for all matters arising from or relating to the transactions contemplated under the Agreement; and
- (ix) the listing and quotation notice for the dealing in, listing of and quotation for the Consideration Shares having been obtained from the SGX-ST.

The Company may by written notice agree to waive, in whole or in part, or extend the time for performance of any of the Conditions Precedent and may impose conditions for such waiver or extension.

3.5 Completion

Completion Date shall be on the date falling five (5) business days from the date of satisfaction or waiver (as the case may be) of the Conditions Precedent or such other date as may be agreed between the parties.

3.6 Maximum number of shares

The Consideration Shares represent approximately (i) 37.51% of the existing issued Shares in the capital of the Company as at the date of this announcement; and (ii) 27.27% of the enlarged issued Shares in the capital of the Company upon completion of the Proposed Acquisition ("**Completion**") (assuming no further Shares are issued prior to Completion).

It is envisaged that following Completion, in the event that the Maximum Earn-out Shares are issued to the Vendors, the total number of Shares to be issued and allotted to the Vendors pursuant to the Proposed Acquisition will amount to an aggregate of 261,814,812 Shares, representing approximately (i) 73.83% of the existing issued Shares in the capital of the Company as at the date of this announcement; and (ii) 42.47% of the enlarged issued Shares in the capital of the Company upon Completion (assuming no further Shares are issued prior to Completion).

Rule 803 of the Catalist Rules states that an issuer must not issue securities to transfer a controlling interest without the prior approval of its shareholders in general meeting. A "controlling shareholder" is defined in the Catalist Rules as a person who (i) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company (though the SGX-ST may determine that such a person is not a controlling shareholder); or (ii) in fact exercises control over a company and "controlling interest" is defined in the Catalist Rules as the interest of the controlling shareholder(s).

As the issuance of the Consideration Shares pursuant to the Proposed Acquisition may tantamount to a transfer of controlling interest under Rule 803 of the Catalist Rules which would require the Company to seek the prior approval of its Shareholders in a general meeting, the Sponsor, on behalf of the Company, had made an application to the SGX-ST on 2 July 2015 for clarification on the Rule 803 of the Catalist Rules.

3.7 Mandatory Offer

In the event that the Maximum Earn-out Shares are allotted and issued, one of the Vendors, Ms. Wang Li, will hold more than 30% of the enlarged issued and paid-up share capital of the Company. Accordingly, Ms Wang Li will, under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), be required to make a mandatory offer for all the remaining Shares in issue not already owned, controlled or agreed to be acquired by them.

The Company will, accordingly:-

- (a) seek a waiver from the Securities Industry Council ("**SIC**") of the obligation of Ms Wang Li to make a mandatory offer for all of the Shares not already owned, controlled or agreed to be acquired by them, pursuant to Rule 14 of the Code, in connection with, *inter alia*, the allotment and issue of the Shares; and
- (b) seek a waiver of the right of the Shareholders to receive a mandatory offer from Ms Wang Li, and parties acting in concert with her (if any), for Shares not already owned, controlled or agreed to be acquired by them, pursuant to Rule 14 of Code, in connection with, *inter alia*, the allotment and issue of the Shares.

Further updates on the allotment and issuance of the Earn-out Shares, if undertaken, will be provided as and when there are material developments.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Company's overall growth strategy to expand and establish growing revenues under its business of mineral and resources trading.

The Board is of the view that the Proposed Acquisition is in the interests of the Company and the Shareholders as the Proposed Acquisition will provide the Company with the opportunity to leverage on the Target Company's resources, including its network of customers, suppliers and business contracts. The Board is also of the view that the business of the Target Company has growth potential, and that the Proposed Acquisition is expected to grow the revenue of the Company's core business in mining and resources trading, and facilitate future expansion into the mining and resources trading industry.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (e) of the Catalist Rules and based on the latest announced financial statements of the Group for 31 December 2014, and the management accounts of the Target Group from its date of incorporation to 31 December 2014 are as follows:

Rule 1006	Basis	Relative Figures
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this is an acquisition
Rule 1006(b)	Net profits attributable to the Proposed Acquisition compared with the Group's net profits	26.1% ⁽¹⁾
Rule 1006(c)	Aggregate value of the consideration given for the Proposed Acquisition, compared with the market capitalisation of the Company	67.1% ⁽²⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	73.8% ⁽³⁾
Rule 1006(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	Not applicable as this is an acquisition

Notes:

- (1) The relative figure is derived using the unaudited net profit before tax of approximately RMB846,000 (or USD137,000 at an exchange rate of USD1:RMB6.1729) of Orion for the financial period from 3 October 2014 (the date of incorporation of Orion) to 31 December 2014, divided by the audited consolidated net profit of approximately RMB3,236,000 of the Group for the financial year ended 31 December 2014.
- (2) The aggregate value of the consideration to be given for the Proposed Acquisition assumes the maximum consideration to be made for the Proposed Acquisition, being S\$14,138,000, comprising (a) the Consideration of S\$7,182,000; and (b) the value of the Maximum Earn-out Shares of 128,814,812 Shares to be issued at the Issue Price, being S\$6,956,000. The market capitalisation of the Company was approximately S\$21.06 million, determined by multiplying the 354,604,000 Shares in issue as at 30 June 2015 (being the date of the Agreement) and the weighted average price of the Company's Shares of S\$0.0594 per Share based on trades done on Catalist on 29 June 2015 (being the last market day preceding the date of the Agreement).
- (3) Computed based on the total number of Consideration Shares for the Proposed Acquisition (which includes the Maximum Earn-out Shares) being 261,814,812 Shares, as compared to the number of Shares in issue of 354,604,000 Shares.

As none of the relative figures computed under Rule 1006 of the Catalist Rules exceeds 75%, the Proposed Acquisition is considered a "discloseable transaction" as defined in Chapter 10 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Acquisition. The table below sets out the financial effects of the Proposed Acquisition based on the following bases and assumptions:

- (a) the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("FY2014");
- (b) the financial effect on the consolidated net tangible assets ("NTA") per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2014, taking into account Orion's net tangible assets as at 31 December 2014;
- (c) the financial effect on the consolidated earnings per Share ("EPS") is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2014, taking into account of Orion's earnings for the financial period from its date of incorporation to 31 December 2014; and
- (d) the allotment and issuance of 133,000,000 Consideration Shares and 128,814,812 Maximum Earn-out Shares at the issue price of S\$0.054 each.

	Before the Proposed Acquisition	After the Proposed Acquisition (Scenario A ⁽¹⁾)	After the Proposed Acquisition (Scenario B ⁽²⁾)
Paid-up share capital (RMB'000)	86,925	120,627	153,269
Number of Shares	354,604,000	487,604,000	616,418,812
NTA (RMB'000)	88,222	88,775	112,238
NTA per Share (RMB cents)	24.88	18.21	18.21
EPS (RMB cents)	(0.16)	0.03	4.62

Notes:

- (1) Scenario A assumes that the Target Company does not meet the Profit Target of S\$1,000,000 and as such, no Earn-out Shares shall be allotted and issued to the Vendors.
- (2) Scenario B assumes that the Target Company achieves a Profit Target of not less than S\$5,000,000 and the Maximum Earn-out Shares have been allotted and issued to the Vendors pursuant to the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, substantial Shareholders or controlling Shareholders of the Company or their respective Associates has any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholdings in the Company.

8. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection at the Company's registered office at 28 Sin Ming Lane, #08-131 Midview City, Singapore 573972, for a period of three (3) months from the date of this Announcement.

10. RESPONSIBILITY STATEMENT

The Directors of the Company 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 Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted 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 has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Acquisition as appropriate or when there are further developments on the same.

12. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that Proposed Acquisition will proceed to completion, as the completion is subject to, inter alia, the fulfillment of all the conditions precedent in the Agreement. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should exercise caution when dealing in the shares of the Company, and should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

BY ORDER OF THE BOARD

LUN CHEE LEONG

Company Secretary

2 July 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST 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.

The contact person for the Sponsor is Ms. Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road, #21-02, Singapore 068896, telephone (65) 6854-6160.