

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

**UPDATE ON DEFAULT ON LOAN PAYMENT OF THE COMPANY'S
SUBSIDIARY IN AUSTRALIA – SCL MURRAY PTY. LTD. (“SCL MURRAY”)**

1. INTRODUCTION

The Board of Directors (“**Board**”) of Sincap Group Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) refers to the Company’s previous announcements dated 3 December 2015, 4 September 2017, 7 September 2017, 22 December 2017 and 11 May 2018 in relation to the default in payment of an outstanding loan amount owed to SCL Murray.

All capitalised terms in this announcement shall have the same meanings as ascribed to them in the aforementioned announcements unless otherwise defined.

The Board wishes to announce that on 5 September 2018, the Company and SCL Murray (the “**Sincap Parties**”) had entered into a settlement agreement (“**Second Settlement Agreement**”) with Mr Damon Ferguson, Mr Chad Ferguson, Mr Anthony Hatt (the “**Individuals**”) and Richardson 1 Pty Ltd (“**R1PL**”) (the Individuals and R1PL together, the “**Obligors**”) to settle the claims which the Sincap Parties have against the Obligors (the “**Proposed Settlement**”).

2. EVENTS LEADING TO THE PROPOSED SETTLEMENT

Since the payment default on 1 September 2017 (which was announced by the Company on 4 September 2017), the Obligors had approached the Company to discuss the possibility of a settlement. As part of the settlement discussions, on 23 January 2018, the Company had received part payment in the amount of AUD500,000. Nevertheless, parties were unable to reach an agreement and the Sincap Parties commenced legal action against the Individuals, as announced in the Company’s announcement dated 11 May 2018 (“**Legal Action**”).

Discussions towards a settlement continued even after the Legal Action. On or around 28 June 2018 and 6 July 2018, the Company received further part payment of AUD100,000, as well as payment to cover the costs incurred by the Sincap Parties in relation to the Legal Action thus far and in negotiating the Proposed Settlement, including but not limited to legal costs and expenses and fees of any other professional advisers. In consideration of these payments, the Sincap Parties agreed to an extension of approximately two (2) months for the Individuals to file their defence to the Legal Action. The purpose of this extension of time was to allow parties to reach an agreement on the terms of the Second Settlement Agreement.

3. KEY TERMS OF THE SECOND SETTLEMENT AGREEMENT

Upon signing of the Second Settlement Agreement, a sum of AUD100,000 shall be paid to the Sincap Parties.

The Second Settlement Agreement is conditional upon the following terms:

- (a) the Obligors making payment of AUD1,670,000 to the Sincap Parties by no later than 30 September 2018;

- (b) the Obligors making or procuring delivery to the Sincap Parties no later than three (3) months from the date of the Second Settlement Agreement of:
- i. a 3rd mortgage over all of the land comprised in the Certificate of Title Volume 1476 Folio 541, located at 1-3 Richardson Street, South Perth, Western Australia ("**Property**") (in form and substance satisfactory to the Sincap Parties) granted by R1PL in favour of the Company and SCL Murray ("**Mortgage**");
 - ii. a specific security deed granted by R1PL in favour of the Company and SCL Murray in respect of the proceeds arising from the sale or transfer of lots relating to the development in the Property ("**Specific Security Deed**") (in form and substance satisfactory to the Sincap Parties);
 - iii. an intercreditor deed dated on or before 30 September 2018 between (amongst others) Merricks Capital Pty Ltd (a lender to R1PL for the development in the Property) ("**Merricks**"), Sincap Group, SCL Murray and R1PL (in form and substance satisfactory to the Sincap Parties and acceptable to Merricks) pursuant to which, among other things, Merricks consents to the Mortgage and the Specific Security Deed ("**Intercreditor Deed**");
 - iv. evidence (in form and substance acceptable to the Sincap Parties) that mortgage M353550 granted by R1PL in favour of Walhamstow Pty Ltd (a current lender to R1PL) in respect of the Property has been discharged or will be discharged on terms and conditions acceptable to the Sincap Parties;
 - v. evidence (in form and substance acceptable to the Sincap Parties) that mortgage M440932 granted by R1PL in favour of Hawkesbridge Property Holdings Pty Ltd (a current lender to R1PL) in respect of the Property and the general security deed dated on or about 23 October 2013 between R1PL and Hawkesbridge Property Holdings Pty Ltd has been discharged or will be discharged on terms and conditions acceptable to the Sincap Parties;
 - vi. evidence (in form and substance acceptable to the Sincap Parties) that memorial N583506 under the Australian Taxation Administration Act 2003, Section 76 (Land Tax) in respect of the Property has been removed or will be removed on terms and conditions acceptable to the Sincap Parties;
 - vii. evidence (in form and substance acceptable to the Sincap Parties) that caveat N767891 by Merricks in respect of the Property has been withdrawn or will be withdrawn on terms and conditions acceptable to the Sincap Parties;
 - viii. a copy of the duplicate Certificate of Title Volume 1476 Folio 541 or evidence (in form and substance satisfactory to the Sincap Parties) that duplicate certificate of title will be delivered to the Sincap Parties on terms and conditions acceptable to the Sincap Parties;
 - ix. certificates of currency of insurance noting the Sincap Parties as insured parties and, in the case of insurance over the Mortgaged Property (as defined in the Mortgage) naming the Sincap Parties as loss payees;
- (c) receipt of notification from the Treasurer of the Commonwealth of Australia or his delegate advising that the Treasurer has no objection to the Mortgage either unconditionally or subject to conditions acceptable to the Sincap Parties; and
- (d) Zhichao Zhou, who has lodged caveat N764361 in respect of the Property, not challenging or otherwise objecting to the Mortgage, or any aspect thereof, until the Mortgage is successfully registered in accordance with the relevant laws in Western Australia,

(each of paragraphs (a) to (d) a "**Condition**" and collectively, the "**Conditions**").

If any of the Conditions are not satisfied, the Second Settlement Agreement shall be terminated without prejudice to any of the rights and remedies that the Sincap Parties may have against the Obligors.

In addition, pursuant to the terms of the Second Settlement Agreement:

- (a) the outstanding amount as at the date of the Second Settlement Agreement is an amount of AUD2,296,365.07 (inclusive of capitalised interest thus far), after deducting the total sum of AUD1,770,000 to be received from the Obligors by 30 September 2018 ("**Outstanding Amount**");
- (b) Interest on any amount owing by the Obligors to any of the Sincap Parties is payable from the date of the Second Settlement Agreement at the rate of 17.5% per annum and shall be capitalized on a daily basis and calculated based on a 365-day year; and
- (c) the Obligors jointly and severally undertake to pay to the Sincap Parties no later than 30 September 2020 the Outstanding Amount in full together with Interest from the date of the Second Settlement Agreement until the date of full payment to the Sincap Parties.

If the Obligors fulfill the Conditions causing the Second Settlement Agreement to come into force, the Sincap Parties shall discontinue the Legal Action with no order as to costs within ten (10) business days of all Conditions being fulfilled.

Subject to and conditional upon the Obligors complying with all of their obligations under the Second Settlement Agreement, the Sincap Parties shall forbear from taking action against the Obligors in relation to any claim in connection with the monies owing by the Obligors.

4. CAUTION IN TRADING

Shareholders of the Company are advised to exercise caution in trading their shares, and to refrain from taking any action in respect of their shares which may be prejudicial to their interests. There is no certainty or assurance as at the date of this announcement that the Proposed Settlement will be completed. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors.

BY ORDER OF THE BOARD
SINCAP GROUP LIMITED

Chu Ming Kin

Executive Chairman and Chief Executive Officer

5 September 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 63893000, Email: bernard.lui@morganlewis.com.*