

SINCAP GROUP LIMITED

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

USE OF PROCEEDS FROM THE DISPOSAL OF BEIJING RAFFLES INVESTMENT ADVISORY CO. LTD. (“BEIJING RAFFLES”) AND UPDATE ON DEFAULT ON LOAN PAYMENT OF THE COMPANY’S SUBSIDIARY IN AUSTRALIA - SCL MURRAY PTY. LTD. (“SCL MURRAY”)

The Board of Directors (“**Board**”) of Sincap Group Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) would like to provide the following updates in response to SGX queries pertaining to the above two matters.

Use of Proceeds from the Disposal of Beijing Raffles

The Board refers to the Company’s previous announcements dated 12 June 2017, 22 June 2017, 7 July 2017 and 12 October 2017. The Company had announced the completion of the disposal of the entire issued and paid-up share capital of Beijing Raffles on 12 October 2017 and had received the total consideration of SGD10 million (“**Proceeds**”).

To safeguard the use of the Proceeds and the rest of the Company’s assets, the Company has in place a signing matrix for its bank accounts to ensure that no one person will be able to utilise or move the funds. This is on top of the usual safeguards set out in law and regulations in relation to the requirements for approvals of the Board and the Company’s shareholders (“**Shareholders**”) (where relevant) in certain transactions.

In line with the safeguards described above, and in accordance with the Shareholders’ approval obtained during the extraordinary general meeting held on 7 July 2017 (“**EGM**”), the net Proceeds have been fully utilised by the Company for the expansion of the business of the Company’s subsidiary, Orion Energy Resources Pte. Ltd. (“**Orion**”). In particular, the Proceeds were loaned out (the “**Loan**”) by the Company to Orion to expand Orion’s business through the securing of coal supplies for subsequent sale, as part and parcel of Orion’s ongoing trading business. This is part of the Group’s expansion plan, as the additional cash from the Proceeds will allow Orion to secure more coal supplies for subsequent sale, which will in turn generate higher revenue and greater profitability. Having additional cash on hand is especially important as Orion currently does not have any bank facilities, hence its purchase and sale of coal are currently undertaken on cash terms.

The Loan is in addition to an earlier capitalisation exercise carried out and announced on 24 May 2017, whereby the Company and the other shareholders of Orion had injected SGD15.51 million in new capital into Orion. The Company had subscribed for its entitlement of 7,905,000 new ordinary shares in the capital of Orion at a subscription price of SGD1 for each new ordinary share which was fully satisfied through the capitalisation of the loan amount of SGD7.905 million owing by Orion to the Company. The Company remained a 51% shareholder of Orion based on the enlarged issued share capital of Orion.

The Shareholders had approved the use of the Proceeds and the Group’s expansion plan at the EGM, following which the expansion plan and payments were executed by the management of the Company. The Company believes that the expansion of Orion’s business will generate financial benefits for the Group, which will be expected to be evident from the Group’s financial statements in the months to come, especially in the first half of 2018.

Update on Default on Loan Payment to SCL Murray

The Board refers to the Company's previous announcements dated 27 November 2015, 3 December 2015, 4 September 2017 and 7 September 2017, in relation to the default in payment of an outstanding loan amount of AUD4.234 million owed to SCL Murray.

Subsequent to issuing a letter of demand through the Company's solicitors for repayment of the full amount, as mentioned in the announcement of 7 September 2017, the Company has also retained a law firm to look into this matter. The lawyers have provided the Company with legal advice and are currently looking into and advising the Company on its options in relation to this issue. With the advice of the law firm, the Company is looking into the feasibility of these options.

The Company will provide further updates on this matter as and when appropriate.

BY ORDER OF THE BOARD
SINCAP GROUP LIMITED

Chu Ming Kin
Chairman and Chief Executive Officer
22 December 2017

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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