

SINCAP GROUP LIMITED

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

UPDATE ON LETTER RECEIVED FROM THE MANAGEMENT AND EMPLOYEES' UNION OF SHANDONG LUNENG TAISHAN MINING CO., LTD. ("SHANDONG LUNENG") ("LETTER")

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 9 March 2017, 15 March 2017, 12 June 2017 and 12 October 2017.

In the announcement dated 12 October 2017, it was announced that following investigations, the Board had concluded that the Company faces no liability in respect of the claims by the management and employees' union of Shandong Luneng in the Letter. The bases on which the Board had arrived at this conclusion are as follows:

1. The Company had investigated the claims in order to verify the allegations stated in the Letter. Based on the management's enquiries with the relevant local regulatory authorities in the People's Republic of China ("**PRC**"), the management was not made aware of any such directive as mentioned in the Letter, nor any outstanding social security insurance payment.
2. Upon receipt of the Letter, the Company had promptly engaged a legal adviser in relation to PRC laws to verify the claims in the Letter. Based on the legal advice received, the Company was not aware of any current laws and regulations of the PRC under which Shandong Luneng had any current statutory responsibilities to complete the mine refilling project as alleged in the Letter, nor were there any outstanding orders from the PRC authorities for Shandong Luneng to pay off any outstanding social security insurance to their employees. The Shandong Luneng employees have been duly paid such social security insurances according to the statutory requirements under PRC laws.
3. The Company had indirectly owned 98.69% of the shares in Shandong Luneng through its subsidiary, Beijing Raffles Investment Advisory Co. Ltd. ("**Beijing Raffles**"). The Company had been advised by its legal adviser that a shareholder's liability is limited to the amount of paid-up capital which the shareholder has contributed to the company. Thus, Beijing Raffles' liability in relation to matters concerning Shandong Luneng is limited to the amount of paid-up capital in Shandong Luneng which Beijing Raffles had contributed upon subscribing for shares in Shandong Luneng. Similarly, the Company's potential liability was limited to the amount of paid-up capital in Beijing Raffles which the Company had contributed upon subscribing for shares in Beijing Raffles. Other than the paid-up capital contributed by the Company as a shareholder, the Company will not be liable for any other claims, including those set out in the Letter.
4. Notwithstanding the above, as stated in the Company's announcement dated 12 June 2017, the Board had taken the view that it was in the best interests of the Company and the shareholders of the Company to sell Beijing Raffles and its subsidiaries, including Shandong Luneng, and the Company had entered into an agreement for the sale of Beijing Raffles and its subsidiaries. As of the date of filing of the transfer of ownership in Beijing Raffles (30 September 2017), the Company was not aware of any breaches by Beijing Raffles and/or its subsidiaries, including Shandong Luneng, of any relevant local law or regulations, including those mentioned in the Letter.

5. The Company completed the sale of Beijing Raffles on 12 October 2017, following which the Company is no longer a shareholder of Beijing Raffles and no longer has any equity interest in Shandong Luneng. There is no longer any connection between the Company and Beijing Raffles and/or any of its subsidiaries, including Shandong Luneng. Accordingly, having no further links to Shandong Luneng, the Company is and will not be responsible for any claims against Shandong Luneng.

To the best of the Company's knowledge, as at the time of completion of the sale of Beijing Raffles, the mine operations of Shandong Luneng were not in breach of any relevant safety standards which might lead to a closure of the mine or cessation of mining rights as alleged in the Letter.

Nevertheless, to ensure that the Company will not be further implicated in any issues raised in the Letter, the Company has obtained an undertaking from the purchaser of Beijing Raffles as follows:

- (a) The purchaser will not hold the Company liable for any potential issues and/or liabilities that arise in relation to Beijing Raffles, and/or any of its subsidiaries;
- (b) The purchaser is aware of the claims that the mine operations of Shandong Luneng allegedly breached certain local directives or safety standards and the purchaser will take full responsibility for any such issues; and
- (c) If necessary, the purchaser will independently look into the allegations set out in the Letter and deal with any issues accordingly themselves, without further recourse to the Company.

Shareholders and potential investors are advised to carefully read this announcement. Shareholders are also advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders who are in doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

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 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 Mr. Bernard Lui, Telephone: +65 63893000, Email: bernard.lui@morganlewis.com.