

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

PROPOSED PLACEMENT OF 450,250,000 NEW ORDINARY SHARES IN THE CAPITAL OF SINCAP GROUP LIMITED (THE “PLACEMENT SHARES”) AT S\$0.01 FOR EACH PLACEMENT SHARE TO RAISE GROSS PROCEEDS OF S\$4,502,500

1. BACKGROUND

The Board of Directors (the “**Board**” or the “**Directors**”) of Sincap Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 12 September 2018, entered into a subscription agreement for the issue and allotment of new ordinary shares in the capital of the Company (the “**Subscription Agreement**”) with the following persons respectively (collectively, the “**Subscribers**” and individually, a “**Subscriber**”):

- (i) Wei Fangyang;
- (ii) Wang Xusheng;
- (iii) Lin Jiajian;
- (iv) Chen Guobiao;
- (v) Lin Kangxin;
- (vi) Zhu Jiadong;
- (vii) Zhu Yuanfu; and
- (viii) Zhu Shiyan;

Pursuant to the terms of the Subscription Agreement, the Company proposes to raise capital by issuing an aggregate of 450,250,000 new ordinary shares (“**New Shares**”) in the share capital of the Company (the “**Placement Shares**”) to the Subscribers (the “**Proposed Placement**”). The total consideration for the Placement is S\$4,502,500 (the “**Total Consideration**”). The total number of Placement Shares represent approximately 26.47% of the share capital of the Company on an enlarged basis (excluding treasury shares), following the Proposed Placement.

2. GENERAL MANDATE

The Placement Shares will be allotted and issued pursuant to the general mandate granted by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 27 April 2018 (the “**General Mandate**”). As such, no circular will be issued by the Company in connection with the Proposed Placement.

Under the General Mandate, the Board is authorised to issue new ordinary shares in the capital of the Company, on the basis that the total number of issued shares and instruments to be issued other than on a pro rata basis to existing Shareholders must be not more than 50% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company as at the time of the passing of the resolution approving the General Mandate (the “**Relevant Time**”), after adjusting for, amongst other, new shares arising from the conversion or exercise of any instruments.

The total number of ordinary shares (excluding treasury shares) in the capital of the Company as at the Relevant Time was 900,500,410. As at the date of this announcement, the Company has not issued any Shares under the General Mandate, and no event has occurred which would result in any adjustment in the number of Shares on which the General Mandate is based. As such, the maximum number of shares that may be issued pursuant to the General Mandate other than on a pro rata basis to existing shareholders is 450,250,205 new ordinary shares. The proposed allotment and issuance of up to 450,250,000 Placement Shares will fall within the limits of the General Mandate.

3. TERMS OF THE PROPOSED PLACEMENT

3.1 Issue Price

The Placement Shares shall be allotted and issued at an issue price of S\$0.01 per Placement Share (the “**Issue Price**”). The Issue Price was arrived at following arm’s length negotiations between the Company and the Subscribers and represents a discount of approximately 9.1% to the volume weighted average price of S\$0.011 for trades done on the shares of the Company (the “**Shares**”) on Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 September 2018 (being the full market day on which the Subscription Agreement was signed).

3.2 The Placement Shares

The number of Placement Shares to be issued to the respective Subscribers are as follows:

Name of Subscriber	Number of Placement Shares
Wei Fangyang	45,000,000
Wang Xusheng	60,000,000
Lin Jiajian	60,000,000
Chen Guobiao	60,000,000
Lin Kangxin	60,000,000
Zhu Jiadong	45,000,000
Zhu Yuanfu	60,000,000
Zhu Shiyan	62,250,000

The Placement Shares, when issued and delivered, shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Placement.

Pursuant to the allotment and issue of the Placement Shares, the Company’s issued and paid-up share capital (excluding treasury shares) will increase from 1,250,750,410 Shares, as at the date of this announcement, to 1,701,000,410 Shares (the “**Enlarged Share Capital**”).

3.3 Additional Listing Application

The Company will be making an application to the SGX-ST via the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for the admission of the Placement Shares to the Catalist of the SGX-ST and for the listing and quotation of the Placement Shares on the Catalist of the SGX-ST.

4. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

4.1 Under the terms of the Subscription Agreement, the Company has requested the Subscribers and the Subscribers had agreed to subscribe for the New Shares in the proportion as set out above in paragraph 3.2 of this announcement on the terms and subject to the conditions set out in the Subscription Agreement.

4.2 Conditions Precedents

The Proposed Placement is subject to, amongst others, the following:-

- (a) the receipt of the listing and quotation notice of the Placement Shares on the Catalist of the SGX-ST (the "**LQN**") being obtained from the SGX-ST via the Sponsor and not having been revoked or amended as at the date of completion (the "**Completion Date**") and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and to the Subscribers;
- (b) the transactions contemplated in the Subscription Agreement (including but not limited to the issue and subscription of the New Shares) not being prohibited or restricted by any statute, order, rule, regulation, ruling, direction, directive, guideline or request, whether or not having the force of law, and whether promulgated or made by any legislative, executive or regulatory body or authority of Singapore (including the SGX-ST and the Monetary Authority of Singapore) or of any other jurisdiction which is applicable to the Company or the Subscriber;
- (c) there having been no occurrence of any event or discovery of any fact rendering any of the warranties in Clause 7 or Clause 8 of the Subscription Agreement untrue or incorrect in any material respect as at the Completion Date as if such warranties had been given again on the Completion Date; and
- (d) the Company and the Subscribers not being in breach of any of the undertakings in the Subscription Agreement as at the Completion Date.

If the conditions set forth in the Subscription Agreement are not satisfied on the date falling five (5) months from the date of the Subscription Agreement (or such other date as may be mutually agreed between the Company and the Subscribers), the obligations of the Subscribers to subscribe for the New Shares shall terminate and in that event the Company and each of the Subscribers shall be released and discharged from their respective obligations under the Subscription Agreement and neither the Company nor the Subscribers shall have any claim against each other or any costs, expenses, damages, losses, compensation or otherwise in respect of the Subscription Agreement, save for any antecedent breach of the Subscription Agreement.

An announcement of the receipt of the LQN in relation to the Placement Shares will be made in due course when the LQN is obtained.

4.3 Completion

Completion is scheduled to take place on the date falling no later than fourteen (14) market days immediately following the satisfaction of the conditions precedents as set out in paragraph 4.2 above (or such other date after the satisfaction of the conditions precedents as the Company and the Subscribers may agree).

5. THE SUBSCRIBERS

Details of each Subscriber are as follows:

Name of Subscriber	Background of the subscriber	Details on how the Subscriber was identified and rationale for placing to the Subscriber
Zhu Shiyan	Zhu Shiyan is a chairman and legal representative of a company that is in the business of selling and manufacturing tableware.	Introduced by Chu Ming Kin (Chairman and Chief Executive Officer) (“ Mr Chu ”).
Wang Xusheng	Wang Xusheng is a general manager of a company that is in the business of selling and manufacturing tableware.	Please refer to paragraph 7 for the rationale.
Wei Fangyang	Wei Fangyang is a deputy general manager of a company that is in the business of selling and manufacturing tableware.	
Zhu Yuanfu	Zhu Yuanfu is a president and legal representative of a company that is in the business of selling and manufacturing household and plastic products.	
Lin Kangxin	Lin Kangxin is a general manager of a company that is in the business of selling and manufacturing household and plastic products.	Please refer to paragraph 7 for the rationale.
Zhu Jiadong	Zhu Jiadong is an operations manager of a company that is in the business of selling and manufacturing household and plastic products.	
Chen Guobiao	Chen Guobiao is a chairman of a company that is in the international trading business.	
Lin Jiajian	Lin Jiajian is a general manager of a company that is in the international trading business.	

- (a) Zhu Shiyun, Wang Xusheng and Wei Fangyang are private investors looking to diversify their current investment portfolio. They are introduced to the Company by Mr Chu. They have expressed their interest to Mr Chu in subscribing for new shares in the Company for investment purposes and the Company has agreed to placing to them. With respect to the Proposed Placement, Mr Chu will not be getting any commission or other payment for introducing the relevant Subscribers to subscribe for the Placement Shares.
- (b) Zhu Yuanfu, Lin Kangxin, Zhu Jiadong, Chen Guobiao and Lin Jijian are private investors introduced to the Company through Cresco, the Company's consultant, and have expressed their interest to take up the new shares in the Company for investment purposes and the Company has agreed to placing to them.

Cresco is a consultant and has been providing business and management consultancy services to the Company. With respect to the Proposed Placement, Cresco will not be getting any commission or other payment for introducing the relevant Subscribers to the Company.

- (c) All the Subscribers do not have any connection (including business relationships) with, the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual.
- (d) As at the date of this announcement, Wei Fangyang, Chen Guobiao and Zhu Shiyun are currently shareholders of the Company and are holding 15,960,000 Shares (representing 1.28% of the current share capital of the Company), 3,960,100 Shares (representing 0.32% of the current share capital of the Company) and 10,500,000 Shares (representing 0.84% of the current share capital of the Company) respectively.

6. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

For illustrative purposes only and based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 ("FY2017"), the financial effects of the Proposed Placements are set out below. The financial effects of the Proposed Placement have been prepared based on the assumptions that:-

- (a) the Proposed Placement of 450,250,000 Placement Shares are fully subscribed by all Subscribers on the basis of an aggregate placement consideration of S\$4,502,500;
- (b) the expenses incurred in the Proposed Placement are approximately S\$100,000;
- (c) the financial effect on the consolidated net tangible assets ("NTA") per Share is computed based on the assumption that the Proposed Placement was completed on 31 December 2017; and
- (d) the financial effect on the earnings per Share ("EPS") is computed based on the assumption that the Proposed Placement was completed on 1 January 2017.

NTA

	As at 31 December 2017		
	Before the Proposed Placement	Before the Proposed Placement (after the completion of the previous placement exercise on 22 May 2018)	After the Proposed Placement
NTA (RMB'00)	148,354	178,159	200,150
Number of issued shares of the Company ("Shares")	900,500,410	1,250,750,410	1,701,000,410
NTA per Share (RMB cents)	16.5	14.2	11.8

EPS

	For the financial year ended 31 December 2017		
	Before the Proposed Placement	Before the Proposed Placement (after the completion of the previous placement exercise on 22 May 2018)	After the Proposed Placement
Net earnings attributable to Shareholders	13,747	13,747	13,747
Weighted average number of shares for the year ended 31 December 2017	796,437,284	1,146,687,284	1,596,937,284
EPS (RMB cents)	1.73	1.20	0.86

7. RATIONALE AND USE OF PROCEEDS

The Company's rationale for placing to the Subscribers is to raise funds to provide liquidity to the Company's working capital and for future business developments through potential investments, acquisitions, joint ventures and collaborations.

Based on the Issue Price, the estimated amount of proceeds from the Proposed Placement (net of estimated expenses of approximately S\$100,000) will be approximately S\$4,402,500 ("**Net Proceeds**").

The Company intends to utilize the Net Proceeds as follows:

- (a) 10% of the Net Proceeds will be used for general working capital purposes, which includes general and administration expenses.
- (b) 90% of the Net Proceeds will be used for future business developments through potential investments, acquisitions, joint ventures, collaborations and expanding the current business as carried out by the Company's subsidiary, Orion Energy Resources Pte. Ltd.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds raised from the Proposed Placement in the Company's interim and full year financial statements issued under Rule 705 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST and the Company's annual report. Where the proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Proposed Placement, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit, from time to time.

It is noted that the Company had recently raised approximately S\$6,226,000 (net of placement costs) through the placement exercise as announced on 30 August 2017 ("**Previous Placement Exercise**"). The Previous Placement Exercise has been completed as announced on 22 May 2018. Update of the proceeds from the Previous Placement Exercise had been announced on 28 June 2018.

8. SHAREHOLDING INTEREST OF SUBSCRIBERS

The number of Placement Shares as a percentage of the Enlarged Share Capital and the total number of shares held by the Subscribers after the completion of the Proposed Placement as a percentage of the Enlarged Share Capital is set out below:

Name of Subscriber	Number of Placement Shares	Number of Placement Shares as percentage of the Enlarged Share Capital	Current number of Shares	Total number of shares upon completion	Total number of Shares as a percentage of the Enlarged Share Capital
Wei Fangyang	45,000,000	2.65%	15,960,000	60,960,000	3.58%
Wang Xusheng	60,000,000	3.53%	0	60,000,000	3.53%
Lin Jiajian	60,000,000	3.53%	0	60,000,000	3.53%
Chen Guobiao	60,000,000	3.53%	3,960,100	63,960,100	3.76%
Lin Kangxin	60,000,000	3.53%	0	60,000,000	3.53%

Zhu Jiadong	45,000,000	2.65%	0	45,000,000	2.65%
Zhu Yuanfu	60,000,000	3.53%	0	60,000,000	3.53%
Zhu Shiyan	60,250,000	3.54%	10,500,000	70,750,000	4.16%
Total	450,250,000	26.47%	30,420,100	480,670,100	28.26%

The Company's substantial shareholders' shareholdings before and after the Proposed Placement based on the Company's register of substantial shareholder as at 11 September 2018 are set out below:

	Before the Proposed Placement ⁽¹⁾		After the Proposed Placement ⁽²⁾	
	Direct interest	Deemed interest	Direct interest	Deemed interest
	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)
Chu Ming Kin	156,968,700 (12.55%)	-	156,968,700 (9.23%)	-
Wang Xiaoling	157,373,000 (12.58%)	-	157,373,000 (9.25%)	-
Sze Wai Bun	87,562,500 (7%)	-	87,562,500 (5.15%)	-
Huang Qingquan	87,562,500 (7%)	-	87,562,500 (5.15%)	-
Chen Jianming	87,562,500 (7%)	-	87,562,500 (5.15%)	-

Notes:

- (1) Based on the Company's issued and paid-up share capital of 1,250,750,410 Shares as at the date of this announcement.
- (2) Based on the Company's Enlarged Share Capital of 1,701,000,410 Shares.

Pursuant to the completion of the Proposed Placement, Wang Xiaoling will remain as the single largest shareholder and none of the subscribers will be appointed to, nor will they be appointing any nominees to the Board of Directors of the Company. Accordingly, there will be no change in control in the Company pursuant to the completion of the Proposed Placement.

9. NO PROSPECTUS OR OFFER INFORMATION STATEMENT TO BE ISSUED

The Proposed Placement will be undertaken pursuant to Sections 272B and/or 275 of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the proposed allotment and issuance of the Placement Shares will be completed or that no changes will be made to the terms thereof. 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. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that after taking into consideration the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding this, the Company has decided to undertake the Proposed Placement to strengthen its financial position in order to meet its anticipated general working capital requirements as well as for future developments through potential investments, acquisitions, joint ventures, collaborations and expanding the current business as elaborated in paragraph 7 of this announcement.

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect in the Proposed Placement other than through their respective shareholdings in the Company (if any).

12. GENERAL

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement.

The Company will make the necessary announcements once the receipt for the listing and quotation of the Placement Shares has been obtained from the SGX-ST.

13. 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 Placement, 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 the 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.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreement are available for inspection at the Company's registered office at 6 Mohamed Sultan Road, Singapore 239323 during normal business hours for a period of three (3) months commencing from the date of this announcement.

By Order of the Board

CHU MING KIN
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
12 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 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.