

PROPOSED DISPOSAL OF PROPERTY OWNED BY SCL MURRAY PTY LTD

1. INTRODUCTION

The board of directors (the “**Board**”) of Sincap Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that SCL Murray Pty Ltd (“**SCL Murray**”), a wholly-owned subsidiary of the Company through Sincap Land (Aus) Pty Ltd and Sincap Australia Pte. Ltd., has entered into a contract dated 22 March 2016 (“**Contract**”) with SKS Claremont Pty Ltd (“**Purchaser**”) for the sale of SCL Murray’s freehold property at 581 Murray Street, West Perth, 6005, Australia (the “**Property**”) for a cash consideration of AUD9.0 million (approximately RMB44,261,803)¹ (the “**Proposed Disposal**”).

2. INFORMATION ON THE PURCHASER, SCL MURRAY AND THE PROPERTY

The Purchaser is a company incorporated in Australia and is principally involved in the business of property development. The Purchaser is an unrelated third party to the Company, its Directors and controlling shareholders.

SCL Murray was incorporated on 7 July 2014 and registered in Australia with company registration number 600 584 218 whose registered office is at Level 1, 914 Hay Street, Perth WA 6000, Australia and is principally involved in property development and investment in Australia.

The Property is a freehold property comprising two adjoining lots with a two-level office building and has a land area of 2,575 square meters. The Property is currently vacant.

Based on the latest unaudited consolidated financial statements of the Group for the financial year ended 31 December 2015 (“**FY2015**”), the unaudited carrying amount of the Property as at 31 December 2015 which includes impairment on the Property of RMB9,385,000 as at 31 December 2015 is approximately RMB43,201,000 and the Proposed Disposal is expected to result in a loss on disposal of approximately RMB1,060,803.

3. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

As stated in the Company’s announcement dated 3 December 2015, the Company has confirmed its decision not to continue with the proposed development of the Property (“**Proposed Project**”). Following thereto, the Company has been working towards the disposal of the Property which is mortgaged to Walthamstow Pty Ltd trading as Reliance Finance & Mortgage Services (“**Reliance Finance**”) as security in connection with a loan agreement between SCL Murray and Reliance Finance dated 6 March 2015 (“**Reliance Loan**”). The deadline for repayment of the Reliance Loan has been extended for to 8 March 2017.

¹ Unless otherwise stated in this Announcement, all conversions from AUD to RMB and cents are based on the exchange rate of AUD1.00 to RMB4.918.

Therefore, the net proceeds (“**Net Proceeds**”) from the Proposed Disposal (after deducting for expenses of approximately A\$200,000 in relation to the Proposed Disposal) will be used to pay off the outstanding Reliance Loan amounting to AUD5,162,687 (including the principal loan amount of AUD5.1 million and penalties of AUD62,687.50) to discharge the Reliance Loan and the Mortgage (“**Discharge**”). The remaining Net Proceeds will be utilised for working capital purposes and for the expansion of the business of Orion Energy Resources Pte Ltd., a 51% owned subsidiary of the Company which is principally engaged in mineral trading and logistics management.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The total purchase consideration of AUD9.0 million (approximately RMB44,261,803) will be fully paid in cash (“**Consideration**”) by the Purchaser.

The Consideration was arrived at following arm’s length negotiations on a willing buyer, willing seller basis, and taking into account the indicative desktop value range of the Property of between AUD8.5 million and AUD8.8 million by an independent professional valuer, Jones Lang LaSalle Pty Ltd (“**Jones Lang**”), which the Company has commissioned to conduct a property valuation on the Property. A copy of the valuation certificate of the Property by Jones Lang containing, *inter alia*, the final valuation amount, basis and date of valuation will be included in the Circular (as defined herein) to be despatched in due course.

The Consideration will be paid in two tranches, whereby AUD200,000 (the “**Deposit**”) is payable within five (5) days of the acceptance of the Contract by SCL Murray, and (subject to the Company obtaining the Shareholders’ Approval (as defined herein)) the remaining sum of AUD8.8 million is payable within 30 (thirty) days of the Purchaser’s receipt of approval from the Foreign Investment Review Board of Australia (“**FIRB**”) to purchase the Property.

4.2 Conditions Precedent

Pursuant to the terms of the Contract, the Proposed Disposal is conditional upon, *inter alia*, the following:

- 4.2.1 the Company having obtained not later than 23 May 2016 (the “**Target Date**, the approval of its shareholders for the Proposed Disposal (the “**Shareholders’ Approval**”);and
- 4.2.2 the Purchaser obtaining, within 60 (sixty) days of its receipt of confirmation from SCL Murray that the Proposed Disposal will be included on the agenda of the Company’s next board meeting, written approval from the FIRB to purchase the Property.

If Shareholders’ Approval is not obtained by the Target Date, the Contract shall terminate immediately at 11.59 p.m., Perth, Western Australia time (11.59 p.m., Singapore time) on the Target Date, in which case (a) each party under the Contract shall be released from any obligations to further perform the Contract; (b) each party under the Contract retains the rights it has against the other party in respect of any past breach; (c) the Deposit and all interest on it must be paid to the Purchaser; and (d) the Purchaser must return any records or information relating to the Contract or the Property given to the Purchaser by or on behalf of SCL Murray. Further, in the event that SCL Murray does not pass a resolution approving the Proposed Disposal, SCL Murray is required to refund all costs incurred by the Purchaser in applying for approval from the FIRB within 14 (fourteen) days after the date of the general meeting convened by the Company to obtain the Shareholders’ Approval.

For the avoidance of doubt, the passing of a resolution approving the Proposed Disposal by SCL Murray is contingent on Shareholders' Approval being obtained.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Disposal. The financial effects of the Proposed Disposal set out below have been prepared based on (i) the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”) and (ii) the Group’s unaudited financial statements for FY2015 and on the following key assumptions:

- (i) the effect of the Proposed Disposal on the loss per share in the ordinary share capital of the Company (“Share”) of the Group shown below for FY2014 is based on the assumption that the acquisition of the Property was completed on 1 January 2014 and the Proposed Disposal had been effected on 1 January 2014;
- (ii) the effect of the Proposed Disposal on the loss per share of the Group shown below for FY2015 is based on the assumption that the Proposed Disposal had been effected on 1 January 2015;
- (iii) the effect of the Proposed Disposal on the net tangible assets (“NTA”) per share of the Group shown below is based on the assumption that the Proposed Disposal had been effected as at 31 December 2014 or 31 December 2015, as the case may be; and
- (iv) the effect of the Proposed Disposal on the loss per share of the Group shown below for FY2015 is based on the assumption that 91,400,000 Shares issued pursuant to the placement completed on 8 December 2015 and 38,000,000 Shares issued as consideration for the acquisition of 51% of Orion Energy Resources Pte. Ltd. were issued 1 January 2015, as the case may be.

5.1 Net Tangible Assets

The effects of the Proposed Disposal on the NTA per share of the Group for FY2014 and FY2015, assuming that the Proposed Disposal had been effected as at 31 December 2014 and 31 December 2015 respectively are as follows:

	FY2014 (Audited)		FY2015 (Unaudited)	
	Before the Proposed Disposal	After the Proposed Disposal	Before the Proposed Disposal	After the Proposed Disposal
NTA (RMB'000)	88,222	80,536	88,191	87,667
Number of issued shares	351,000,000	351,000,000	484,004,000	484,004,000
NTA per share (RMB cents)	25.13	22.94	18.22	18.11

5.2 Loss per Share

The effects of the Proposed Disposal on the loss per share of the Group for FY2014 and FY2015, assuming that the Proposed Disposal had been effected on 1 January 2014 and 1 January 2015 respectively are as follows:

	FY2014 (Audited)		FY2015 (Unaudited)	
	Before the Proposed Disposal	After the Proposed Disposal	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax attributable to shareholders (RMB'000)	432	12,296	18,982	12,232
Weighted average number of issued shares	266,375,342	266,375,342	368,850,904	368,850,904
Loss per share (RMB cents)	0.16	4.62	5.15	3.32

6. RELATIVE FIGURES UNDER CATALIST RULE 1006

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited: Section B: Rules of Catalist (the “**Catalist Rules**”) in respect of the Proposed Disposal and based on the latest announced unaudited financial statements of the Group for FY2015 are as follows:

Rule 1006	Base	Relative Figure
(a)	The net asset value of the Property to be disposed of, compared with the Group's net asset value.	38.97% ¹
(b)	The net loss attributable to the Property to be disposed of, compared with the Group's net loss.	76% ²
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	56% ³
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁴
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁵

Notes:

- (1) The net carrying value of the Property and the net asset of the Group (based on the Group's unaudited financial statements as at FY2015) was RMB43,201,000 and RMB110,855,000 respectively.
- (2) The net loss attributable to (i) the Property and (ii) the Group (based on the Group's unaudited financial statements as at FY2015) was RMB10,015,000 (which includes an impairment loss on the Property of RMB9,385,000) and RMB13,156,000 respectively.
- (3) The Consideration for the Proposed Disposal is AUD9.0 million (approximately RMB44,261,803) to be paid in cash. The Company's market capitalisation of approximately RMB79,633,420 (based on an exchange rate of SGD 1: RMB 4.769) is computed based on the volume weighted average price of S\$0.0345 on 21 March 2016 (being the last full market day preceding the date of the Contract) and the Company's share capital of 484,004,000 ordinary shares).
- (4) Not applicable to a disposal of assets.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

Having regard to the above, the Proposed Disposal constitutes a "Major Transaction" under Chapter 10 of the Catalist Rules as the relative figures under Rule 1006 (c) exceed 50%. Accordingly, the Proposed Disposal is subject to Shareholders' approval at an extraordinary general meeting of the Company ("**EGM**") to be convened.

7. CIRCULAR

The Company will be seeking specific approval of its Shareholders at an EGM to be convened for the Proposed Disposal. A circular containing, *inter alia*, the notice of EGM and the details of the Proposed Disposal will be despatched to Shareholders in due course.

8. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS

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

9. DIRECTORS' SERVICE CONTRACTS

There are no persons who are proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DIRECTORS' 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 Disposal, 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. DOCUMENTS FOR INSPECTION

A copy of the Contract will be made available for inspection by the shareholders of the Company during the normal business hours at the Company's registered office at 15 Upper Circular Road #04-01 Singapore 058413 for a period of three (3) months from the date of this announcement.

12. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD

CHU MING KIN

Executive Chairman and Chief Executive Officer

22 March 2016

This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.