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

CORPORATE UPDATE

The Board of Directors (the "**Board**") of Sincap Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcement dated 12 August 2022 in relation to its entry into a binding heads of agreement with the Investor (as defined herein) (the "**Previous Announcement**"), and wishes to provide the following updates:

Unless otherwise expressly defined herein, all capitalised terms and references used in this announcement shall have the meanings ascribed to them in the Previous Announcement.

1. BACKGROUND

As previously disclosed, the Company's coal trading business has faced significant headwinds such as high freight costs and supply chain disruptions, which have resulted in severe cashflow issues. The Company also faced operational issues amidst market volatility and uncertainty, and thus has been unable to generate revenue for over 12 months despite the management's efforts.

Under such circumstances and given its limited resources, the Company failed to, amongst others, (i) issue its annual reports for the financial years ended 31 December 2020 ("**FY2020**") and 31 December 2021 ("**FY2021**"); and (ii) conduct its annual general meetings for the respective financial years in a timely manner. The Company has also seen multiple resignations of directors and executive officers since 2020 and particularly, prior to 16 September 2022, the Audit and Risk Committee of the Board comprised less than three members as the Company was not able to find and appoint an additional independent director with recent and relevant accounting or related financial management expertise or experience to comply with the requirements of the Code of Corporate Governance 2018. As a result, the Company has not been compliant with various listing rules including Catalist Rules 704(7), 705(1), 705(2), 707(1) and 707(2), certain provisions of the Code of Corporate Governance 2018, and Section 201B of the Companies Act 1967 of Singapore (the "**Companies Act**").

As announced in the Company's announcement dated 22 May 2022, the Board agrees that the Company is likely to be deemed as a "cash company", and the Company further disclosed its continuing sponsor's views that the Company is likely to be a "cash company" under Catalist Rule 1017. The Company further disclosed that it lacks professional expertise in charting new investment strategies for a potential corporate turnaround.

The Company's shares have been suspended from trading since 4 May 2021. The Company further notes that as it had not submitted a proposal to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with a view to resume trading in its shares within 12 months of the date of suspension of its Shares on the Catalist of the SGX-ST, as required under Catalist Rule 1304. As such, the Company is cognisant of and re-emphasises that any corporate actions and restructuring undertaken by the Company would have to be effected with urgency.

2. THE PROPOSED INVESTMENTS WITH THE INVESTOR

On 12 August 2022, the Company announced that it has entered into a binding heads of agreement ("**HOA**") with Mr. Teh Wing Kwan (the "**Investor**") for a proposed investment of up to S$2,000,000 into the Company.

The HOA allows the Investor to (a) subscribe for no less than 75% in the Company's enlarged share capital for S$750,000; (b) extend loans of up to S$750,000; and (c) provide certain guarantees of up to S$500,000 to the Company (collectively, the "**Proposed Investments**"), which will allow the Company to initiate new corporate plans under the strategic guidance of the Investor.

The Company further disclosed in its announcement dated 12 August 2022 that the Proposed Investments represents an opportunity for the Company to work with a sophisticated investor with significant experience in corporate finance and restructuring to evaluate and implement feasible corporate plans for the Company. Based on the corporate profiles and business networks of the Investor, the Company has reasonable grounds to believe that the Investor has the relevant expertise and experience to guide the Company while initiating feasible and time-sensitive corporate actions with a view to submitting a trading resumption proposal to SGX-ST.

3. UPDATE ON PROGRESS IN ADDRESSING THE ISSUES OF COMPLIANCE WITH THE CATALIST RULES

Following the announcement of the Proposed Investments with the Investor, the Company has taken steps to address the existing issues pertaining to compliance of Catalist Rules under the guidance of the Investor. The Company has also recruited additional support staff and has been in discussion with the Investor in addressing the following issues:

a. *Finalisation of the audit for FY2020 ("**FY2020 Audit**") and holding AGM for FY2020*

The management has recently held audit planning meetings with its external auditor, Baker Tilly TFW LLP (the "**Auditor**"), to discuss the key outstanding issues with a view to finalise the FY2020 Audit. The Auditor has since allocated staff resources and re-commenced FY2020 Audit, including the conduct of post-balance sheet events review.

Arising from which, the management understands that it is highly likely that the outcome of this post-balance sheet events review will result in additional audit adjustments for adjusting events, which will affect the unaudited results for FY2020 released on 1 March 2021 ("**Additional Audit Adjustments 2020**"). Based on the indicative timeline for completion of FY2020 Audit, the Company may issue its annual report and hold its AGM for FY2020 around end of November 2022, barring unforeseen circumstances and the Company will also announce the financial effects arising from the Additional Audit Adjustments 2020 before issuing the annual report for FY2020. These plans will help to address the issues relating to compliance of Catalist Rules 707(1) and 707(2) for FY2020.

b. *Preparation of unaudited financial statements for FY2021 and finalisation of the audit for FY2021 ("**FY2021 Audit**")*

In the interests of time, the management of the Company has started preparing the management accounts for FY2021 pending finalisation of the post-balance sheet events review for FY2020. Based on the preliminary review recently conducted by the management, it is unlikely that the Group will record any significant revenue-generating transactions. The Company intends to announce the unaudited financial statements for FY2021 within 90 days after issuing the annual report for FY2020 and will then be able to finalise the FY2021 Audit, issue its annual report for FY2021 and hold its AGM for FY2021. Based on the above and barring any unforeseen circumstances, the Company will be able to address the issues relating to its compliance with Catalist Rules 705(1), 707(1) and 707(2) for FY2021 in the manner described in the above. The Company will provide an update on its timeline for the issuance of its annual report and the conduct of the AGM for FY2021, after announcing unaudited financial statements for FY2021.

c. *Appointments of new independent director and changes in Board committees*

On 16 September 2022, the Company announced (i) the appointments of Mr. Ng Hoi-Gee Kit and Mr. Lee Fang Wen as the independent directors of the Company; (ii) the resignation of Mr. Teng Wai Leung Wilson; and (iii) changes to the composition of its Board Committees. Following the appointment of new independent directors, the Audit and Risk Committee of the Company comprises three (3) members, and two (2) out of three (3) members of the Audit and Risk Committee, including the Chairman of the Audit and Risk Committee, have relevant accounting and related financial experience, as required under the Code of Corporate Governance 2018. Accordingly, the Company is now in compliance with the requirements set out under Section 201B of the Companies Act, Catalist Rule 704(7) and the Code of Corporate Governance 2018.

d. *Operational Review and Proposed Reorganisation*

The Company has recently initiated an operational review of its existing business and organisation structures under the strategic guidance of the Investor. The objective of this review is to ensure that the Company is able to implement new investment strategies under the Potential RTO without the lingering effects of the Company's legacy operations and existing breaches of listing rules (the "**Operational Review**").

Arising from the Operational Review, the Investor has proposed a major reorganisation plan for the legacy business conducted under a principal subsidiary of the Company (the "**Proposed Reorganisation**"). The Proposed Reorganisation may involve certain commercial structures which could lead to de-consolidation of certain key assets from the Group and streamlining of existing corporate structure, for the Company to proceed with preparation for the Potential RTO.

In this regard and in preparation for the Potential RTO, the Company has appointed SAC Capital Private Limited ("**SAC Capital**") to seek pre-clearance from the SGX-ST for the Proposed Reorganisation in relation to its legacy operations and its existing non-compliance of certain Catalist Rules (the "**Pre-clearance**"). SAC Capital, on behalf of the Company, intends to submit the Pre-clearance to SGX-ST through the Sponsor by around November 2022, barring unforeseen circumstances. The Company notes that the submission of Pre-clearance is an important part of the corporate actions prior to being able to undertake the Potential RTO. The Company will provide an update on the outcome of the Pre-clearance in due course, including details of the Proposed Reorganisation and the proposed commercial structures (details of which have not been disclosed at this juncture as the Proposed Reorganisation remains commercially sensitive) as soon as there are material developments on the Proposed Reorganisation and/or the Pre-clearance.

In view of the Proposed Reorganisation and the Pre-clearance, the Company intends to submit an application to the SGX-ST for an extension of time to (i) meet the requirements for a new listing within 12 months from the time it became a cash company, as required under Catalist Rule 1017(2); and (ii) submit a proposal to resume trading in its shares, as required under Catalist Rule 1304, once it has obtained more clarity on the transactions envisioned in the Pre-clearance letter.

e. *Announcement of (i) monthly valuation of its assets and utilisation of cash and (ii) quarterly updates of milestones in obtaining a new business pursuant to Catalist Rule 1017(1)(b)*

As required under Catalist Rule 1017(1)(b), the Company, had on 12 September 2022, announced the valuation of its assets and utilisation of cash for the month of August 2022. As stated in the announcement, notwithstanding that the Company has yet to finalise its audited financial statements for FY2020 and FY2021, the Board and the management of the Company has, on a best effort basis, prepared the Company's utilisation of cash and cash equivalents for the month of August 2022 based on those details extracted from the Company's bank statements or bank slips as at 31 August 2022. As set out in its announcement dated 26 August 2022, the Company has made arrangements to progressively pay down its existing outstanding liabilities, including payments of listing fees, and fees for continuing sponsorship, central depository, audit, legal, corporate secretarial and share registrar services.

The Company had on 12 August 2022 provided an initial update in the Company's milestone in obtaining a new business, including details stated under "*Potential Capital Variation Events*" and "*Rationale for the Proposed Investments*" in the announcement relating to Proposed Investments with the Investor. The Company will continue to make a further update on its milestones in obtaining a new business starting on 30 September 2022 and every quarter thereafter, via SGXNet.

8. Cautionary Note

The shares in the Company have been suspended from trading since 4 May 2021. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully.

Shareholders should note that the Proposed Investments remain subject to, amongst others, certain conditions precedent being fulfilled and definitive agreements being executed. As such, there is no certainty or assurance that the Investor will proceed with the Proposed Investments or that the Proposed Investments, the Potential Capital Variation Events, the Proposed Reorganisation, or the Potential RTO will be undertaken at all or completed. There is also no certainty that the Company will be able to receive approval for resumption of trading of its shares.

Although the shares of the Company are under suspension, shareholders and the Investor is advised to read this announcement and any past and future announcements by the Company carefully when dealing with the Shares and securities of the Company. Shareholders and the Investor should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company or if they have any doubt about the actions they should take.

By Order of the Board
SINCAP GROUP LIMITED

CHU MING KIN
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
21 SEPTEMBER 2022

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*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**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and 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.*

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