

**SINCAP GROUP LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201005161G)

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**PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF  
BEIJING RAFFLES INVESTMENT ADVISORY CO. LTD.**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**” or “**Directors**”) of Sincap Group Limited. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a conditional Share Sale and Purchase Agreement (“the “**Agreement**”) with Advanceleap Corporation Pte. Ltd. (“**Advanceleap**”) on 12 June 2017 to dispose the entire issued and paid-up share capital of Beijing Raffles Investment Advisory Co. Ltd (“**Beijing Raffles**”) on the terms and conditions of the Agreement (the “**Proposed Disposal**”) for a consideration of S\$10,000,000 (the “**Consideration**”). Beijing Raffles is a foreign owned entity investment holding company that is 100% wholly owned by the Company. Beijing Raffles has 3 subsidiaries namely (collectively, referred to as the “**Beijing Raffles Group**”):

- (a) Beijing Sino-Lonther International Trading Co., Ltd. (“**Beijing Sino-Lonther**”) - 100% owned by Beijing Raffles
- (b) Shandong Luneng Taishan Mining Co., Ltd (“**Shandong Luneng**”). - 98.69% owned by Beijing Raffles.
- (c) Shandong Sincap International Trading Co., Ltd. (“**Shandong Sincap**”) - 100% owned by Beijing Raffles.

The Proposed Disposal constitutes a major transaction under the Catalyst Rules. Accordingly, the Company will be seeking for approval from the Shareholders for, *inter alia*, the Proposed Disposal at an Extraordinary General Meeting to be convened (the “**EGM**”).

**2. INFORMATION ON ADVANCELEAP**

*In respect of the information on Advanceleap the information has been provided by Advanceleap and the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

**ADVANCELEAP**

Advanceleap is a private company incorporated in Singapore on 16 February 2017 with limited liability and is an investment holding company. The directors of Advanceleap are Edy Sugianto and Lim Yi Harn. The sole shareholder of Advanceleap is Edy Sugianto.

**3. INFORMATION ON BEIJING RAFFLES AND BEIJING RAFFLES GROUP**

Beijing Raffles is a wholly foreign owned enterprise incorporated in the PRC on 20 August 2007 with its uniform social credit number of 91110105666947970L and legal address at Unit

912, Floor 8, No. 402 Wang Jing Yuan, Chaoyang District, Beijing Municipality. As at the date of this Announcement, the Company owns 100% of the equity interest of Beijing Raffles. Pursuant to the Beijing Raffles SPA and on completion of the Proposed Disposal, the Purchaser shall hold 100% of the total equity interest of Beijing Raffles. Beijing Raffles is an investment holding company and it owns 100% of the equity interest of Beijing Sino-Lonther, 98.69% of Shandong Luneng and 100% of Shandong Sincap.

The Beijing Raffles Group comprises Beijing Raffles and its subsidiaries, namely, Beijing Sino-Lonther, Shandong Luneng and Shandong Sincap.

Beijing Sino-Lonther is incorporated in the PRC on 7 December 2005 with its uniform social credit number of 9111010578321723X6 and having its principal place of business at No. 9 Wan Jing North road, Ye Qing Towers Block C, Suite 03-303, Chaoyang District, Beijing 100102. The entire equity interest of Beijing Sino-Lonther comprises a registered capital of RMB20,000,000. The main business activity of Beijing Sino-Lonther is the sale of alumina.

Shandong Luneng is incorporated in the PRC on 17 March 1999 with its uniform social credit number of 91370900706132646Q and having its principal place of business at Ma Zhuang Town, Tai'an City, Shandong Province, The PRC 271041. The entire equity interest of Shandong Luneng comprises a registered capital of RMB40,000,000. The main business activity of Shandong Luneng is that of mining and sale of gypsum and gypsum related products.

Shandong Sincap is incorporated in the PRC on 19 October 2010 with its uniform social credit number of 91370900564053511X and having its principal place of business at No.96 Chang Cheng Road, Tower B-2406, Tianlong International Building, Tai'an, Shandong 271000. The entire equity interest of Shandong Sincap comprises a registered capital of RMB10,000,000. Shandong Sincap is currently dormant.

#### **4. RATIONALE FOR THE PROPOSED DISPOSAL**

The Board is of the view that it is in the best interests of the Company and the shareholders of the Company ("**Shareholders**") to sell the Beijing Raffles Group due to the issues involving the management and employees' union of Shangdong Luneng Taishan Mining Co., Ltd. as made known via the Company's announcement dated 9 March 2017. The disposal will be done at a premium over the net asset value of the Beijing Raffles Group which will result in a gain on disposal as set out in paragraph 7.5 herein. The Proposed Disposal is undertaken as part of the restructuring of the Company and the Group. It will also allow the Group to reallocate its resources and capital to other profitable operations and eventually deliver positive value to the Shareholders.

#### **5. USE OF PROCEEDS**

Proceeds from the Proposed Disposal will be used to expand the business of the Company's subsidiary – Orion Energy Resources Pte. Ltd. ("**Orion**") and will also be used for the working capital of Orion.

#### **6. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

##### **6.1. Sale and Purchase**

Pursuant to the Agreement, the Company will dispose 100% of the issued and paid-up capital

of Beijing Raffles free from all encumbrances and together with all rights attaching thereto to Advanceleap for the Consideration (the "**Sale Shares**").

## 6.2. Consideration

The Consideration for the Agreement shall be received in the following manner:

- (a) 30% of the Consideration being S\$3,000,000 to be received within 5 business days upon the date of approval of this Agreement by the EGM;
- (b) 30% of the Consideration being S\$3,000,000 by 21 July 2017 or such other date as the Parties may mutually agree in writing as long as it is before the Completion Date; and
- (c) remaining 40% of the Consideration being S\$4,000,000 on completion date which is the 5<sup>th</sup> business day after the date on which the conditions have been achieved or 4 August 2017 (whichever is later) or such other date as the parties may mutually agree in writing ("**Completion Date**"). The Completion Date shall not be later than the Long Stop Date.

The Consideration was arrived at following arm's length negotiations on a willing buyer willing seller basis, and taking into account (i) the net loss of Beijing Raffles for the year ended 31 December 2016; and (ii) the net asset value of Beijing Raffles as at 31 December 2016.

## 6.3. Completion

Under the terms of the Agreement, the Completion is conditional upon, amongst others, the following terms (the "**Sale Conditions**"):

- (a) The filing and registration with the Ministry of Commerce of Chaoyang District, Beijing Municipality (the "**MOFCOM**") regarding the Proposed Disposal has been completed;
- (b) The approval by the extraordinary shareholders meeting of the Company;
- (c) The Company shall deliver to Advanceleap on Completion Date the following material documents and certificates and both Parties shall sign off the relevant checklist for closing for the purpose of confirming the closing documents and certificates. For the purpose of doubt, the signing-off of the checklist for closing shall be deemed as the acceptance of all closing documents and materials by Advanceleap;
  - (i) Filing receipt issued by the MOFCOM in respect of the Proposed Disposal;
  - (ii) Fully executed application and supporting documents for the registration with the State Administration of Industry and Commerce and its local counter parts having the authority for the registration, backup and issuing the business license of Beijing Raffles ("**SAIC**") for the Proposed Disposal and alteration of directors of Beijing Raffles (including but not limited to application form of SAIC, amendment to Articles of Association of Beijing Raffles and letter removing the directors) in a form of execution accepted by the SAIC have been delivered to Advanceleap;
  - (iii) Ken Chu, as the executive director and legal representative of Beijing Raffles appointed by the Company and Fu Hao as supervisor of Beijing Raffles appointed by the Company, having signed resignation letters in the form attached as Schedule 2 of the Agreement, and the Company having signed a letter removing all these directors in the form attached as Schedule 3 of the Agreement;

- (iv) All seals of Beijing Raffles including the company seal, financial seal, seal of legal representative, contract seal, etc.:
- (v) Originals and duplicates of business license and other certificates of Beijing Raffles, approvals from relevant departments;
- (vi) All staff roll, labor contracts, labor and human resource manuals and other documents of Beijing Raffles;
- (vii) All originals and copies of certificates and documents regarding the ownership of major assets and real estate of Beijing Raffles; and
- (viii) Other documents and objects to be delivered on Completion Date agreed by the Company and Advanceleap.

That completion of the Proposed Disposal will take place on the date which is the fifth (5<sup>th</sup>) Business Day after the date on which the Sale Conditions have been achieved; or 4 August 2017 (whichever is later) or such date as the Parties may mutually agree in writing.

If the Sale Conditions have not been fulfilled or waived by mutual consent on or before 31 August 2017 (the “**Long-Stop Date**”), the Agreement shall lapse and cease to have effect. The Consideration that has already been paid to the Company will not be refunded to the Purchaser.

#### **6.4. Value of the Sale Shares**

(a) Net Asset Value

The net asset value of the Beijing Raffles as at 31 December 2016 based on audited consolidated accounts of the Beijing Raffles Group for the year ended 31 December 2016 is RMB 35,833,771.

(b) Net Loss

The net loss attributable to Beijing Raffles for the year ended 31 December 2016 based on audited consolidated accounts of the Beijing Raffles Group is RMB 6,574,798.

#### **6.5. Service Contracts**

There are no persons proposed to be appointed as directors 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.

### **7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

#### **7.1. Assumptions**

The pro forma financial effects in this section are based on the audited consolidated accounts of the Group for the financial year ended 31 December 2016 and the audited financial statements of Beijing Raffles for the year ended 31 December 2016 and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following Completion.

#### **7.2. Net Tangible Assets**

For illustrative purposes and assuming the Proposed Disposal had been completed on 31

December 2016, the pro forma financial effects on the audited consolidated net tangible assets (“NTA”) for FY2016 are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (RMB\$'000)	121,045	135,306
Number of shares	520,670,000	520,670,000
NTA per share (RMB cents)	23.25	25.99

### 7.3. Earnings

For illustrative purposes and assuming the Proposed Disposal had been completed on 1 January 2016, the pro forma financial effects on the earnings per share of the Group for FY2016 are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Net profit attributable to shareholders after tax from continuing operations (RMB'000)	(6,819)	14,904
Number of weighted average shares	498,268,581	498,268,581
Earnings per share (RMB cents)	(1.37)	2.99

### 7.4. Share Capital

The Proposed Disposal will not have any effect on the share capital and shareholding structure of the Company.

### 7.5. Gain on Disposal

The Group is expected to record a gain on disposal attributable to the Proposed Disposal of approximately RMB 13,222,000 which is derived as follows:

Total consideration based on exchange rate as at 9 June 2017 @4.91585	RMB ('000) 49,159
Less:	
Net asset value of the assets to be disposed as at 31 December 2016	<u>(35,834)</u>
Gain on disposal	13,325

## 8. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006**

Based on (i) the audited consolidated accounts of the Group for the year ended 31 December 2016 and (ii) the audited consolidated accounts of the Beijing Raffles Group for the year ended 31 December 2016, the relative figures for the Proposed Disposal computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Size of Relative Figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets	26.9 <sup>(1)</sup>
(b)	The net profits attributable to the assets disposed, compared with the Group's net profits	Not meaningful <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	123.4 <sup>(3)</sup>
(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
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

**Notes:**

- (1) The audited consolidated net asset value of Beijing Raffles is RMB 35,833,771 and the audited Group's net asset value is RMB 133,194,000.
- (2) Not meaningful as the Group had a profit of RMB4,776,000, whereas Beijing Raffles had a consolidated loss of RMB6,574,798.
- (3) The market capitalisation was derived from the 900,500,410 shares of the Company in issue and the weighted average price of S\$0.009 per share as at 9 June 2017, being the last traded market day immediately preceding the date of the Agreement.

As the Proposed Disposal is a disposal of an asset in which the consideration is more than 50% of the market capitalization of the Company, in accordance to Rule 1014 read with Rule 1006(c) of the Catalist Rules, it is deemed to be a "Major Transaction" as defined under Rule 1014 of the Catalist Rules.

**9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or substantial shareholders of the Company (other than in their capacity as directors or Shareholders of the Company) has any interest, direct or indirect, in the Proposed Disposal.

**10. RESPONSIBILITY STATEMENT**

The Directors of the Company (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and the Directors of the Company jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been

to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

**11. EXTRAORDINARY GENERAL MEETING AND CIRCULAR**

A circular containing further details on, inter alia, the Proposed Disposal and enclosing a notice of EGM in connection therewith will be despatched to the Shareholders in due course.

**12. DOCUMENT FOR INSPECTION**

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

**13. CAUTION IN TRADING**

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 Disposal will be completed. 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.

By order of the Board

**Sincap Group Limited**

**Chu Ming Kin**

Chairman and Chief Executive Officer

12 June 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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