

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

APPLICATION FOR AN EXTENSION OF TIME TO COMPLY WITH RULE 704(7) OF THE SINGAPORE EXCHANGE TRADING LIMITED (THE “SGX-ST”) LISTING MANUAL SECTION B: RULES OF CATALIST (THE “CATALIST RULES”) TO APPOINT A MEMBER OF THE AUDIT COMMITTEE

1. Introduction

- 1.1 The board of directors (the “Board”) of Sincap Group Limited (the “Company”) refers to its announcements on 24 and 25 September 2020 relating to the cessation of the Company’s Audit Committee chairman and independent director, Mr Chia Soo Hin (the “**Previous Announcements**”).

Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Previous Announcements.

- 1.2 The Company wishes to announce that it has, through its sponsor, submitted an application on 21 December 2020 to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for an extension of three (3) months to 30 March 2021 for the Company to comply with Rule 704(7) of the Catalist Rules which states, inter alia, that in the event of any retirement or resignation (of a director) which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months, but in any case, not later than three months (the “**Extension of Time**”).
- 1.2 As announced on 24 September 2020, the previous Audit Committee Chairman and Independent Director, Mr Chia Soo Hin William, had resigned with effect from 30 September 2020 (the “**Cessation**”). Accordingly, the Company is required to fill the vacancy by 30 December 2020.

2. Rationale

- 2.1 The Company is seeking the Extension of Time in view of the following:-
- a. **Specialised sector of the Group:** Due to the Company’s main operations in coal trading being a specialized nature of the mineral and mining sector, additional time will be required to fill the vacancy with a candidate of the relevant experience and interest. Since the Cessation, the Company has been actively searching for new independent directors but has yet to identify an appropriate candidate to fill the vacancy. The Company has interviewed 3 candidates but has not proceeded with the appointment as one of them does not have sufficient recent and relevant accounting or related financial management expertise or experience, another declined to continue with the appointment due to personal reasons, and the third candidate declined to continue with the appointment due to work commitments. Although the Company continues to actively search for a candidate, the Company has yet to identify an appropriate candidate to fill the vacancy.
 - b. **Operational impediments and downsizing of the Group due to Covid-19:** The Covid-19 pandemic continues to adversely impact the global economy. The Company has been focusing its efforts on improving the Group’s operations to minimize the Covid-19 impact to its business activities and operations. Based on the Company’s announcement for half yearly results for the period ended 30 June 2020 made on 14 August 2020, the Company recorded (i) a decrease in net profit after tax of 86% (HY2020: RMB 0.535 million; HY2019: RMB 3.865 million); (ii) decrease in cash and cash equivalents position of 82% (HY2020: RMB 1.526 million; HY2019: RMB 8.426 million); and (iii) decrease in operating cash flow of 99% (HY2020: RMB 0.325 million; HY2019: RMB 26.911 million). The downsizing of the Company’s operations and cash flow positions has seen no sign of recovery since the

beginning of the Covid-19 pandemic due to reasons further set out in the announcement dated 4 December 2020, and these had inevitably impeded the Company's ability to recruit a director.

- c. **Operational impediments and downsizing of the Group due to Covid-19:** The Covid-19 pandemic continues to adversely impact the global economy. The Company has been focusing its efforts on improving the Group's operations to minimize the Covid-19 impact to its business activities and operations. Based on the Company's announcement for half yearly results for the period ended 30 June 2020 made on 14 August 2020, the Company recorded (i) a decrease in net profit after tax of 86% (HY2020: RMB 0.535 million; HY2019: RMB 3.865 million); (ii) decrease in cash and cash equivalents position of 82% (HY2020: RMB 1.526 million; HY2019: RMB 8.426 million); and (iii) decrease in operating cash flow of 99% (HY2020: RMB 0.325 million; HY2019: RMB 26.911 million). The downsizing of the Company's operations and cash flow positions has seen no sign of recovery since the beginning of the Covid-19 pandemic due to reasons further set out in the announcement dated 4 December 2020, and these had inevitably impeded the Company's ability to recruit a director.
- d. While the Company continues to focus its efforts and attention on the aforesaid operational matters (as set out in points (b) and (c) above), and continues to actively search for new candidates for the role, the Extension will provide more time to the Company to search for a suitable candidate as Audit Committee Chairman and Independent Director and to conduct the necessary due diligence and checks (such as interviews) on the potential candidates.
- e. The Company has also recently secured a revised repayment schedule for the trade receivables due from a related party, Artwell Minerals Resources Pte Ltd, and secured a shareholders' loan from Mr Chu Ming Kin, the Company's executive chairman, for its operational needs. The Company hopes that with the shareholders' loan and revised repayment schedule, it will be better placed to search for a suitable candidate as Audit Committee Chairman and independent Director.

3. Further information

The Company will also be making an application to the Accounting and Corporate Regulatory Authority of Singapore for a similar extension of time to appoint a new member of the audit committee, to comply with the statutory requirements under Section 201B of the Companies Act, Chapter 50 of Singapore which requires an audit committee to be composed of three (3) or more members.

The Company will announce the outcome of the applications mentioned above in due course.

BY ORDER OF THE BOARD

Chu Ming Kin
Executive Chairman and Chief Executive Officer
21 December 2020

This announcement has 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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