

RESPONSES TO SGX-ST QUERIES

The Board of Directors (the “**Board**”) of Sincap Group Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) would like to respond to the queries raised by the SGX-ST in an email to Stamford Corporate Services Pte. Ltd., the Company’s Sponsor, on 23 May 2022 (as set out below).

In reviewing the responses below, Shareholders may wish to refer to the Company’s announcements dated 15 April 2022, 29 April 2022 and 22 May 2022 for further context and background.

1. SGX-ST’s Queries and the Company’s Response:

SGX-ST’s Query 1:

Pursuant to Catalist Rule 1017(1), a “cash company” is required to place 90% of its cash and short-dated securities in an escrow account; and to provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market via SGXNET.

- Please provide the Company’s plans to comply with Catalist Rule 1017(1).

Company’s Response to Query 1

The company intends to apply for a waiver of the Catalist Rule 1017(1) requirement to open an escrow account as the total cash currently held in the Company’s bank account is not sufficient to repay all its existing creditors in full, including auditors, sponsor and other professional fees, among others. The Company needs to prioritize and arrange necessary payments to these professionals so that it could immediately work towards finalising the audited accounts for FY2020 and FY2021 for AGMs to be held. The Company is working on the required repayment schedules to meet some, if not all, of its payment obligations.

SGX-ST’s Query 2:

Pursuant to Catalist Rule 1017(2), Sincap is required to meet the requirements for a new listing within 12 months from the time it becomes a cash company (i.e. by 4 May 2022). Otherwise, the Company may face delisting.

- In the response, it was stated that the Company has initiated discussions with the Professional Investor and is in the midst of finalising the key commercial terms for a RTO deal.
- In this regard, please provide the Company’s plans to comply with Catalist Rule 1017(2) as soon as possible, including but not limited to, the amount of time required to enter into a binding and definitive agreement for the RTO, if any.

Company’s Response to Query 2:

As the discussions with the Professional Investor, including the proposed timeline for implementation of various corporate actions remain commercially sensitive as this juncture, the Company is not in a position to announce specific details pertaining to the proposed timeline for a potential RTO plan until the commercial terms with the Professional Investor has been announced.

In seeking approval from SGX Regco for an extension of time to comply with Catalist Rule 1017(2), the Company will take note and is aware of the importance to put in place specific and feasible corporate plans for the consideration of SGX Regco in relation to such application. The Company is aware that it should update the SGX Regco if there are any significant deviations from key timelines set out in the intended extension of time application.

SGX-ST's Query 3:

The Sponsor has also expressed concerns on the Group's internal controls, and one of the concerns relate to an undisclosed material agreement signed with Cresco Investments who was acting as the Company's agent, where the Company paid 50% of all payments and proceeds from the Settlement Parties to Cresco Investments. In addition, prior Board approval was not obtained for the S\$53K of Additional Offsets paid to Cresco Investments.

- What is Cresco's role as the Company's agent? Please elaborate on why the Board agreed to such arrangement where 50% of proceeds are paid to Cresco and why such arrangements are in the best interest of the Company and its minority shareholders.
- What are the AC's plans to strengthen the internal controls (eg. Is it considering to commission an independent audit on the internal controls and risk management systems?)

Company's Response to Query 3:

- (i) The Company had no financial means or resources (both manpower, knowhow and financial) to pursue this outstanding amount just like how it currently has no such similar means or resources to pursue the receivables from Artwell. The Board agreed to such an arrangement as it was of the view that any recovery of an outstanding amount (that was deemed to be difficult to recover) was better than not being able to recover or having a huge uncertainty on recovery. There were countless settlement agreements due largely to the obligor parties' constant efforts to avoid payments. Cresco's role was to ensure recovery and to take any actions necessary at its own cost to recover such monies. This includes taking all necessary proceedings and doing everything necessary to recover as much as possible. The additional payments were made so that a party could help carry out functions necessary in the view of the Management at a time when the Company had no staff in Singapore. No one is willing to work without getting paid.

In view of this, the Board at that time was of the view that the arrangement was in the best interests of the Company and the shareholders as some amounts were recovered. Following the settlement and receipt of the outstanding amounts due under the Final Supplemental Agreement dated 19 January 2022 in relation to amounts owing by Mr Damon Ferguson, Mr Chad Ferguson, Mr Anthony Hatt, Richardson 1 Pty Ltd, Devwest Group Pty Ltd and/or SCL Murray Pty. Ltd., the Company has ceased to engage the services of Cresco.

If there is a party who is willing to take up this recovery role in relation to the Artwell receivables, the Management is of the view that similar arrangements should also be made. Without a party to spearhead such recovery process, the Company has been unsuccessful in its recovery efforts of the Artwell receivables.

- (ii) Currently, the Company has limited funds and probably cannot pay all its creditors. In addition, there is only the CEO remaining as sole management representative. Engaging an external accounting firm to undertake an independent audit on the internal controls and risk management systems might not be possible now.

The AC has viewed the controls over the bank accounts under the Company as an area of concern. To ensure greater oversight over the bank accounts held by the Company, the AC has instructed Management to provide it with:

- a complete list of the bank accounts held by the Company and their outstanding balances;
- the authorised bank signatories;
- the registered users and approvers; and
- the transaction listings for each account from 1 January 2021 till date.

2. Directors' 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 in respect of 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 name source, the sole responsibility of the Directors has been to ensure that such information has been accurately and properly extracted from those sources and/or reproduced in this announcement in its proper form and context.

The Board wishes to advise shareholders and potential investors to exercise caution when dealing in the shares of the Company, In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
SINCAP GROUP LIMITED

CHU MING KIN
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
26 MAY 2022

*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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