

SINCAP GROUP LIMITED

Incorporated in the Republic of Singapore
Company Registration Number: 201005161G

Condensed Interim Consolidated Financial Statements
For the financial year ended 31 December (“FY”) 2023

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.

The contact person for the Sponsor is Mr Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.

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SINCAP GROUP LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Unless otherwise specified, all capitalised terms used in this announcement shall have the same meanings as those defined in the Company's announcement dated 12 August 2022 in relation to its entry into a binding heads of agreement (the "HOA") with Mr. Teh Wing Kwan (the "Professional Investor") for a proposed investment of up to SGD2,000,000 into the Company.

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Change Inc / (Dec) %
		FY2023 Unaudited RMB'000	FY2022 Audited RMB'000	
Revenue		-	-	N.A.
Cost of sales		-	-	N.A.
Gross profit		-	-	N.A.
Other income	10	30	3,507	(99.1)
Administrative expenses	10	(1,788)	(4,602)	(61.1)
Other expenses	10	(5,881)	(218)	N.M.
Finance costs		(181)	(13)	N.M.
Loss before tax		(7,820)	(1,326)	489.7
Tax credit/(expense)	12	42	(38)	(210.5)
Loss for the financial year, net of tax		(7,778)	(1,364)	470.2
Other comprehensive income/(loss):				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(155)	(588)	(73.6)
Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiaries	6	5,734	-	100.0
Total comprehensive loss for the financial year, net of tax		(2,199)	(1,952)	12.7
Loss attributable to:				
Owners of the Company		(7,777)	(1,364)	470.2
Non-controlling interests		(1)	*	(100.0)
		(7,778)	(1,364)	470.2
Total comprehensive loss attributable to:				
Owners of the Company		(2,198)	(1,950)	12.7
Non-controlling interests		(1)	(2)	(50.0)
		(2,199)	(1,952)	12.7
Loss per share of the Company (RMB cents per share)				
Basic and diluted	13	(0.46)	(0.08)	475.0

N.A. : not applicable

N.M. : not meaningful, used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%

* : less than RMB1,000

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Unaudited RMB'000	Audited RMB'000	Unaudited RMB'000	Audited RMB'000
Non-current assets					
Investments in subsidiaries	6	-	-	-	-
		-	-	-	-
Current assets					
Trade and other receivables	7	-	32	-	-
Cash and cash equivalents		71	917	71	707
		71	949	71	707
Total assets		71	949	71	707
Non-current liability					
Borrowings	9	4,521	4,655	4,521	4,655
Current liabilities					
Other payables	8	4,733	4,085	4,724	4,044
Borrowings	9	807	-	807	-
		5,540	4,085	5,531	4,044
Total liabilities		10,061	8,740	10,052	8,699
Net liabilities		(9,990)	(7,791)	(9,981)	(7,992)
Equity					
Share capital	15	203,930	203,930	203,930	203,930
Accumulated losses		(205,321)	(197,544)	(206,523)	(204,697)
Currency translation reserve		(8,576)	(14,155)	(7,388)	(7,225)
Equity attributable to owners of the Company		(9,967)	(7,769)	(9,981)	(7,992)
Non-controlling interests		(23)	(22)	-	-
Total equity		(9,990)	(7,791)	(9,981)	(7,992)

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	<-----Attributable to owners of the Company----->					
	Share capital RMB'000	Accumulated losses RMB'000	Currency translation reserve RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Group						
<u>FY2022 (Audited)</u>						
Balance at 1 January 2022	203,930	(196,180)	(13,569)	(5,819)	(20)	(5,839)
Loss for the financial year	-	(1,364)	-	(1,364)	*	(1,364)
<u>Other comprehensive loss:</u>						
– Currency translation differences arising on consolidation	-	-	(586)	(586)	(2)	(588)
Total comprehensive loss for the financial year	-	(1,364)	(586)	(1,950)	(2)	(1,952)
Balance at 31 December 2022	203,930	(197,544)	(14,155)	(7,769)	(22)	(7,791)
<u>FY2023 (Unaudited)</u>						
Balance at 1 January 2023	203,930	(197,544)	(14,155)	(7,769)	(22)	(7,791)
Loss for the financial year	-	(7,777)	-	(7,777)	(1)	(7,778)
<u>Other comprehensive income/(loss):</u>						
– Currency translation differences arising on consolidation	-	-	(155)	(155)	-	(155)
– Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiaries	-	-	5,734	5,734	-	5,734
Total comprehensive income/(loss) for the financial year	-	(7,777)	5,579	(2,198)	(1)	(2,199)
Balance at 31 December 2023	203,930	(205,321)	(8,576)	(9,967)	(23)	(9,990)

* : less than RMB1,000

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	Share capital RMB'000	Retained profits/ (accumulated losses) RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Company				
<u>FY2022 (Audited)</u>				
Balance at 1 January 2022	203,930	(232,661)	(4,954)	(33,685)
Profit for the financial year	-	27,964	-	27,964
<u>Other comprehensive loss:</u>				
– Currency translation differences arising from translation into presentation currency	-	-	(2,271)	(2,271)
Total comprehensive income/(loss) for the financial year	-	27,964	(2,271)	25,693
Balance at 31 December 2022	203,930	(204,697)	(7,225)	(7,992)
<u>FY2023 (Unaudited)</u>				
Balance at 1 January 2023	203,930	(204,697)	(7,225)	(7,992)
Loss for the financial year	-	(1,826)	-	(1,826)
<u>Other comprehensive loss:</u>				
– Currency translation differences arising from translation into presentation currency	-	-	(163)	(163)
Total comprehensive loss for the financial year	-	(1,826)	(163)	(1,989)
Balance at 31 December 2023	203,930	(206,523)	(7,388)	(9,981)

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		FY2023 Unaudited RMB'000	FY2022 Audited RMB'000
Cash flows from operating activities			
Loss before tax		(7,820)	(1,326)
Adjustment for:			
Collecting agent fee	10	-	2,338
Foreign exchange loss, net	10	143	218
Gain on settlement of bond	10	-	(3,248)
Interest expense		181	13
Loss on disposal of subsidiaries	6	5,738	-
Payables written off	10	(30)	-
Waiver of loans from a director	10	-	(257)
Operating cash flows before working capital changes		(1,788)	(2,262)
Changes in trade and other receivables		32	-
Changes in other payables		560	316
Changes in currency translation adjustments		(47)	245
Cash used in operations		(1,243)	(1,701)
Income tax refunded/(paid)	12	42	(38)
Net cash used in operating activities		(1,201)	(1,739)
Cash flows from investing activities			
Net cash outflows arising from disposal of subsidiaries	6	(4)	-
Proceeds from Richardson Loan, net		-	2,080
Net cash (used in)/generated from investing activities		(4)	2,080
Cash flows from financing activities			
Interest paid		(145)	-
Proceeds from borrowings		807	-
Repayment of borrowings		(323)	-
Repayment of bond		-	(3,103)
Loans from a director		-	3,103
Net cash generated from financing activities		339	-
Net (decrease)/increase in cash and cash equivalents		(866)	341
Cash and cash equivalents at beginning of financial year		917	526
Effects of exchange rate changes on cash and cash equivalents		20	50
Cash and cash equivalents at end of financial year		71	917

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Sincap Group Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the SGX-ST.

These condensed interim consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of an investment holding company. The subsidiary of the Company had ceased operations and is currently dormant. The Group did not generate any revenue for FY2023. As announced by the Company on 22 May 2022, the Company has been deemed a "cash company" under the Catalist Rule 1017.

2. Basis of preparation

The condensed interim consolidated financial statements for the financial year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last condensed interim consolidated financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Section E Note 2.1 of these condensed interim consolidated financial statements for the financial year ended 31 December 2023.

The functional currency of the Company is United States Dollar (“**USD**”). The condensed interim consolidated financial statements are presented in Chinese Renminbi (“**RMB**”) and all financial information are rounded to the nearest thousand (RMB’000) except where otherwise indicated.

2.1. New and amended standards adopted by the Group

On 1 January 2023, the Group and the Company adopted all the revised SFRS(I)s pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I)s pronouncements is not expected to have any significant effect on condensed interim consolidated financial statements of the Group.

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2.2. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last condensed interim consolidated financial statements as at and for the financial year ended 31 December 2022.

2.3. Material Uncertainty Related to Going Concern

For FY2023, the Group and the Company reported the following:

	Group	Company
	Unaudited	Unaudited
	RMB'000	RMB'000
Loss for the financial year, net of tax	(7,778)	(1,826)
Net current liabilities, represents negative equity	(9,990)	(9,981)
Net cash used in operating activities	(1,201)	(1,065)

As updated by the Company via several announcements¹ released on the SGXNet, and in the Company's annual reports for FY2020, FY2021 and FY2022, the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions. The downturn in the Group's trading business, coupled with certain non-performing receivables, had resulted in the Group facing severe cash-flow issues. The Group had since discontinued its trading business. During FY2021, FY2022 and FY2023, the Group did not have any revenue-generating activities despite efforts from the management.

Please refer to Section F Note 1A(a) of these condensed interim consolidated financial statements for further updates on efforts taken to address the going concern issue as highlighted in the auditor's report for the financial year ended 31 December 2022. As highlighted therein, the Company has not fulfilled certain key conditions precedent to the Proposed Investments with the Professional Investor; and the ability of the Company to (i) continue as a going concern; and (ii) undertake and complete the Proposed Reorganisation depends heavily on the willingness of the Professional Investor to provide continuous support to the Company via his strategic guidance and financial supports.

¹ Please refer to the Company's announcements dated 22 May 2022 and 12 August 2022.

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3. Seasonal operations

Not applicable. The Company did not generate any revenue for FY2023 and has been deemed a cash company since May 2021.

4. Segment and revenue information

The Company did not generate any revenue for FY2023 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2023.

5. Plant and equipment

The Group did not acquire or dispose of any assets (including plant and equipment) for FY2023 (FY2022: Nil).

6. Investments in subsidiaries

	Company	
	31.12.2023	31.12.2022
	Unaudited	Audited
	RMB'000	RMB'000
<i><u>Unquoted equity shares at cost</u></i>		
At beginning of the year	179,355	164,381
Disposals	(63,863)	-
Currency translation differences	5,051	14,974
At end of the year	<u>120,543</u>	<u>179,355</u>
<i><u>Accumulated impairment</u></i>		
At beginning of the year	179,355	164,381
Disposals	(63,863)	-
Currency translation differences	5,051	14,974
At end of the year	<u>120,543</u>	<u>179,355</u>
<i><u>Carrying amount</u></i>		
At beginning of the year	-	-
At end of the year	<u>-</u>	<u>-</u>

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Note:

DISPOSAL OF DORMANT SUBSIDIARIES

As disclosed in the Company’s announcement dated 28 June 2023, the Group had on 28 June 2023, entered into an agreement with Mr Chu Ming Kin, the executive chairman and chief executive officer of the Company (the “CEO”), whereby the Company disposed the entire issued and paid-up share capital of Sincap Australia Pte. Ltd. (together with its subsidiaries, the “Sincap AU Group”) and Sincap Properties Pte. Ltd. (together with its subsidiaries, the “Sincap Properties Group”) for a cash consideration of SGD1. Please refer to the announcements dated 28 June 2023 and 30 June 2023 for further details on the disposal (including the rationale and salient terms of the transaction). The disposal was completed on 30 June 2023 and the effects of the disposal of the Group were:

	<u>Group</u> 30.06.2023 Unaudited RMB’000
Net assets of the subsidiaries disposed, comprised cash and cash equivalents	4
Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiaries	5,734
	<u>5,738</u>
Cash proceeds received from disposal of subsidiaries	*
Loss on disposal of subsidiaries	<u>5,738</u>
 <u>Effects of cash flows</u>	
Cash proceeds received	*
Less: Cash and cash equivalents in subsidiaries disposed of	<u>(4)</u>
Net cash outflows arising from disposal of subsidiaries	<u>(4)</u>

*: less than RMB1,000

Please refer to Section F Note 16 of these condensed interim consolidated financial statements for further details in relation to the disposal and deregistration of subsidiaries during FY2023.

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7. Trade and other receivables

	Note	Group		Company	
		31.12.2023 Unaudited RMB'000	31.12.2022 Audited RMB'000	31.12.2023 Unaudited RMB'000	31.12.2022 Audited RMB'000
Trade receivables from a third party		30,243	29,633	-	-
Trade receivables from a related party	(a)	181,765	178,100	-	-
		<u>212,008</u>	<u>207,733</u>	<u>-</u>	<u>-</u>
Other receivables from a third party		-	32	-	-
Other receivables from a related party	(a)	1,117	1,095	-	-
Amounts due from a subsidiary	(b)	-	-	63,908	62,307
		<u>213,125</u>	<u>208,860</u>	<u>63,908</u>	<u>62,307</u>
Less: Allowance for expected credit loss		<u>(213,125)</u>	<u>(208,828)</u>	<u>(63,908)</u>	<u>(62,307)</u>
		<u>-</u>	<u>32</u>	<u>-</u>	<u>-</u>

Movement in allowance for expected credit loss during the financial year are as follows:

	Group		Company	
	31.12.2023 Unaudited RMB'000	31.12.2022 Audited RMB'000	31.12.2023 Unaudited RMB'000	31.12.2022 Audited RMB'000
At beginning of the year	208,828	197,420	62,307	56,424
Impairment loss	-	-	-	499
Write-off	-	(6,099)	-	-
Reversal	-	-	(457)	-
Currency translation differences	4,297	17,507	2,058	5,384
At end of the year	<u>213,125</u>	<u>208,828</u>	<u>63,908</u>	<u>62,307</u>

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Notes:

- (a) Trade receivables from a related party comprised USD25.6 million (equivalent to RMB181.8 million) (FY2022: USD25.6 million (equivalent to RMB178.1 million)) owing by Artwell Minerals Resources Co., Ltd (“**Artwell**”), a company solely owned by the brother of the CEO. In FY2021, the Group had provided for full allowance for expected credit loss in FY2021.

Other receivables from a related party comprised USD0.2 million (equivalent to RMB1.1 million) (FY2022: USD0.2 million (equivalent to RMB1.1 million)) interest receivable from Artwell which was previously charged by Orion based on the total outstanding amount owing by Artwell of USD25.6 million. As the principal amount owing by Artwell remains long overdue, it is doubtful that the Company will be able to collect the interest income from Artwell. In FY2021, the Group had provided for full allowance for expected credit loss in relation to interest income previously recognised.

- (b) Amounts due from a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

8. Other payables

	Note	Group		Company	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Unaudited	Audited	Unaudited	Audited
		RMB'000	RMB'000	RMB'000	RMB'000
Other payables to third parties		2,895	1,826	2,886	1,784
Accrued operating expenses		1,838	2,259	1,838	1,947
Amounts due to a subsidiary	(a)	-	-	-	313
		<u>4,733</u>	<u>4,085</u>	<u>4,724</u>	<u>4,044</u>

Note:

- (a) Amounts due to a subsidiary were non-trade in nature, unsecured, interest-free and repayable on demand.

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9. Borrowings

	Note	Group		Company	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Unaudited RMB'000	Audited RMB'000	Unaudited RMB'000	Audited RMB'000
Non-current					
<i>Unsecured</i>					
Loans from a director	(a)	4,521	4,655	4,521	4,655
Current					
<i>Unsecured</i>					
Loan from a third party	(b)	807	-	807	-
		<u>5,328</u>	<u>4,655</u>	<u>5,328</u>	<u>4,655</u>

Notes:

- (a) The loans from a director are interest-free and is not repayable within 12 months after the reporting period.
- (b) The loan from a third party bears an interest of 18% per annum and is repayable within 12 months from the date of disbursement.

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10. Loss before tax

Loss before tax is stated after charging/(crediting) the following:

		Group	
		FY2023	FY2022
		Unaudited	Audited
Note		RMB'000	RMB'000
<u>Other income</u>			
	Gain on settlement of bond	-	(3,248)
	Payables written off	(30)	-
	Waiver of loans from a director	-	(257)
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<u>Other expenses</u>			
	Foreign exchange loss	143	218
6	Loss on disposal of subsidiaries	5,738	-
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<u>Administrative expenses</u>			
	Collecting agent fee	-	2,338
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11. Significant related party transactions

- (a) In addition to the information disclosed in these condensed interim consolidated financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

		Group	
		FY2023	FY2022
		Unaudited	Audited
		RMB'000	RMB'000
	Cash proceeds received from disposal of subsidiaries to a director	*	-
	Partial debts waiver by a director	-	257
	Loan from a director	-	3,103
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* : less than RMB1,000

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(b) Directors' fees for the year are analysed as follows:

	Group	
	FY2023	FY2022
	Unaudited	Audited
	RMB'000	RMB'000
Independent directors of the Company	412	379

12. Tax credit/(expenses)

The Group calculates the corresponding periods' income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit /(expenses) in the condensed interim consolidated statement of profit or loss are:

	Group	
	FY2023	FY2022
	Unaudited	Audited
	RMB'000	RMB'000
Tax credit/(expenses) attributable to loss is made up of:		
Over/(Under)provision in prior years	42	(38)

13. Loss per share

	Group	
	FY2023	FY2022
	Unaudited	Audited
	RMB cents	RMB cents
Basic and fully diluted basis	(0.46)	(0.08)

Basic loss per share for the financial years ended 31 December 2023 and 2022 was calculated based on total weighted average number of ordinary shares of 1,701,000,410.

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14. Net liabilities value

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited	Audited	Unaudited	Audited
	RMB cents	RMB cents	RMB cents	RMB cents
Net liabilities value per ordinary share	<u>(0.59)</u>	<u>(0.46)</u>	<u>(0.59)</u>	<u>(0.47)</u>

Net liabilities value per share as at 31 December 2023 and 2022 was calculated based on total number of issued ordinary shares of 1,701,000,410.

15. Share capital

	Group and Company			
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited	Audited	Unaudited	Audited
	Number of shares ('000)		RMB'000	RMB'000
At beginning and end of financial year	<u>1,701,000</u>	<u>1,701,000</u>	<u>203,930</u>	<u>203,930</u>

The Company does not hold any treasury shares in the Company as at 31 December 2023 and 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 2022.

There were no outstanding options, convertibles held by the Company as at 31 December 2023 and 2022.

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. Review

The condensed interim statements of financial position of the Company and the Group as at 31 December 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the financial year then ended and explanatory notes have not been audited or reviewed.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion. This is not required for any audit issue that is a material uncertainty relating to going concern.

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The Company had on 24 November 2023 released its annual report for FY2021 and FY2022 (the “**Annual Report 2021/2022**”) and had on the same date released an announcement setting out the details relating to, among others, updates, financial effects and management efforts taken in addressing the audit issues set out in the section entitled “Basis for Qualified Opinion” of the Company’s independent auditor’s report dated 23 November 2023 (the “**Update Announcement**”). Specifically, the audit issues (as disclosed in the Annual Report 2021/2022) on which the qualified opinion was issued by the Group’s independent auditor (the “**Auditor**”) in relation to the Group’s audited financial statements for FY2021 and FY2022 were relating to (i) opening balance and comparative information of trade receivables, investments in subsidiaries and amounts due from subsidiaries, bond, other payables and accruals; (ii) impairment of other receivables; and (iii) going concern assumptions. As disclosed in the Update Announcement, the audit issues corresponding to (i) opening balance and comparative information of trade receivables, investments in subsidiaries and amounts due from subsidiaries, bond, other payables and accruals; and (ii) impairment of other receivables, have since been fully addressed and have had no impact on the closing balances as at 31 December 2021 and/or 31 December 2022. Please refer to the Update Announcement for further details on the efforts taken to resolve the respective audit issues.

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With regard to the issue pertaining to the going concern assumptions, the Auditor stated in the auditor's report for the financial year ended 31 December 2022 that *"We however noted that as at the date of this report, the Company has not fulfilled certain key conditions precedent to the Proposed Investment with the Professional Investor; and the ability of the Company to (i) pay its debts as and when they fall due; and (ii) undertake and complete the Proposed Reorganisation depends heavily on the willingness of the Professional Investor to provide continuous support to the Company"*. The Company has taken the following steps to address this issue:

- (A) based on the Proposed Investment as announced on 12 August 2022, the Professional Investor may provide short-term loans of up to SGD750,000 subject to the terms and conditions as stated therein (the **"Proposed Loans"**). While the Company is still working towards fulfilling certain key conditions precedent to the Proposed Investment, it has since requested the Professional Investor to provide temporary loans for the working capital of the Group; and
- (B) the Company has thus entered into a loan agreement with the Professional Investor for a temporary loan facility of up to SGD500,000 (equivalent to RMB2.7 million) (the **"Loan Agreement"**), and any loan disbursed under the Loan Agreement may form part of the Proposed Loans as specified under the HOA, which is secured by a personal guarantee extended by the CEO, in favor of the Professional Investor. The Company has further agreed that any loan provided by the Professional Investor to the Company prior to the completion of the Proposed Investment, shall bear interest of 18% per annum and shall be repayable within 12 months from the date of disbursement, unless otherwise extended by the Professional Investor. As at the date of this announcement, the Professional Investor has disbursed a principal loan amount of SGD300,000 (equivalent to RMB1.6 million) to the Company while the Company is still working towards fulfilling the key conditions precedent to the Proposed Investment.

The board of directors (the **"Board"**) and the audit and risk committee of the Company have noted the Auditor's comments pertaining to the going concern assumptions and are of the view that the terms and conditions of loans provided by the Professional Investor are in the best interest of the Company given that (i) the Professional Investor who, at the request of the Company, has agreed to provide loans pending the fulfilment of the key conditions precedent to the Proposed Investment; and (ii) there have been no other avenues for the Company to seek funding for working capital given the current financial position and state of affairs of the Company.

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(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Taking into consideration the disclosure notes and updates included in (i) the Annual Report 2021/2022 (where the Company disclosed its judgements on the going concern assumptions on pages 82 to 83 and 140 to 141); and (ii) the abovementioned Section F Note 1A(a), the Board is of the view that the impact of the audit issues described in the financial statements for FY2022 have been adequately disclosed as at the date of this announcement.

Upon completion of the audit for FY2023, the Company will (i) provide further updates on the above highlighted audit issues including auditor's comments, if any and (ii) announce material variances (which may arise from the financial impacts of the above audit issues) between unaudited financial statements and audited financial statements for FY2023, as applicable.

2. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in Section E Note 2.1 above and Paragraph 4 of Section F below, the accounting policies and methods of computation adopted in the condensed interim consolidated financial statements for the reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2022.

3. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised SFRS(I) and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2023. The adoption of these new and revised SFRS(I) and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the condensed interim consolidated financial statements for the current financial reporting period.

4. Review of performance of the Group

As updated by the Company via several announcements² released on the SGXNet, including the Annual Report 2021/2022, the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions contributing to the downturn in the Group's trading business, coupled with certain non-performing receivables, had resulted in the Group facing severe cash-flow issues. During the year under review, the Group did not have any revenue-generating activities, consequently the Group did not record any revenue, gross profit and operating profits for FY2023.

(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

Other income

Other income decreased by approximately RMB3.47 million from RMB3.5 million in FY2022 to RMB30,000 in FY2023 due mainly to absence of one-off gains in relation to (i) partial waiver of debt owing by the Company to the CEO of RMB0.3 million; and (ii) gain from settlement of bond payables on completion of the internal debt restructuring of RMB3.2 million in FY2022.

Administrative expenses

Mainly comprised corporate expenses including compliance expenses and various professional fees. Administrative expenses decreased by RMB2.8 million from RMB4.6 million in FY2022 to RMB1.8 million in FY2023 due mainly to the absence of (i) one-off collecting agent fee of RMB2.3 million for the recovery of the Richardson Loan in FY2022; and (ii) one-off professional services incurred for corporate actions in FY2022.

Other expenses

Other expenses increased by RMB5.7 million from RMB0.2 million in FY2022 to RMB5.9 million in FY2023 due mainly to the reclassification of foreign currency translation reserve from other comprehensive income to profit or loss amounting to RMB5.7 million, upon disposal of subsidiaries.

Finance costs

Finance costs increased by approximately RMB0.17 million in FY2023 due mainly to interest expense incurred for short-term loan from the Professional Investor.

² Please refer to the Company's announcements dated 22 May 2022 and 12 August 2022.

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(b) Condensed Interim Statements of Financial Position

Total Assets

Total assets decreased by RMB0.8 million from RMB0.9 million in FY2022 to RMB0.1 million in FY2023. Significant changes during the year under review were:

Cash and cash equivalent

Cash and cash equivalent decreased by RMB0.8 million from RMB0.9 million in FY2022 to RMB0.1 million in FY2023 due mainly to payments of corporate expenses including compliance expenses and various professional fees; and further offset by net cash from financing activities of RMB0.3 million mainly as a result of net proceeds from short-term loan.

Total Liabilities

Total liabilities increased by RMB1.4 million from RMB8.7 million in FY2022 to RMB10.1 million in FY2023. Significant changes during the year under review were:

Other payables

Other payables mainly comprised accruals of professional fees and other operating expenses, increased by RMB0.6 million from RMB4.1 million in FY2022 to RMB4.7 million in FY2023.

Borrowings

Total borrowings increased by RMB0.6 million from RMB4.7 million in FY2022 to RMB5.3 million in FY2023 mainly due to the short-term loan of RMB0.8 million provided by the Professional Investor during the period under review.

(c) Condensed Interim Consolidated Statement of Cash Flows

The cash and cash equivalents decreased by RMB0.8 million from RMB0.9 million in FY2022 to RMB0.1 million in FY2023 due mainly to net cash used in operating activities of RMB1.2 million for payments of corporate expenses including compliance expenses and various professional fees; and further offset by net cash from financing activities of RMB0.3 million mainly as a result of net proceeds from borrowings.

5. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement had been issued.

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6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

As updated by the Company via several announcements³ released on the SGXNet and in the Annual Report 2021/2022 that:

- (i) the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions that contributed to the downturn in the Group's trading business, coupled with certain non-performing receivables, had resulted in the Group facing severe cash-flow issues. As a result, the Group did not have any revenue-generating activities in FY2023, and it is also not expected to generate any revenue and profit in the foreseeable future. The Company has been deemed a "cash company" under Catalist Rule 1017;
- (ii) the Company has taken steps and made significant progress in addressing existing issues pertaining to the Company's compliance with the Catalist Rules under the guidance of the Professional Investor since the entry into the binding HOA with the Professional Investor; and the Professional Investor has also provided strategic guidance to the management of the Company in relation to identifying Potential RTO targets, including the investment parameters for the Potential RTO; and
- (iii) while the Company is still working towards fulfilling certain key conditions precedent to the Proposed Investment, it has since requested the Professional Investor to provide temporary loans for the working capital of the Group. The Company has thus entered into the Loan Agreement with the Professional Investor for a temporary loan facility of up to SGD500,000 (equivalent to RMB2.7 million). Any loan disbursed under the Loan Agreement may form part of the Proposed Loans as specified under the HOA, and is secured by a personal guarantee extended by the CEO, in favor of the Professional Investor. Please refer to Section F Note 1A(a)(B) above for further details on the Loan Agreement and the loan amounts which have been disbursed by the Professional Investor to the Company.

As the ongoing discussions in relation to the evaluation of the Potential RTO Targets remain commercially sensitive, the Company will make the necessary announcements if and when it enters into definitive agreements with any Potential RTO target. However, there is no certainty these discussions will lead to the execution of any definitive agreements with the Potential RTO's target. The Company will continue to provide shareholders with further details and updates in due course.

³ Please refer to the Company's announcements dated 22 May 2022, 12 August 2022 and 26 December 2023.

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7. Dividend information

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

c. Date payable

Not applicable.

d. Books closure date

Not applicable.

8. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2023 due to uncertainty regarding the Company's going concern, as previously disclosed.

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9. **If the Company has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited (“Catalist Rules”). If no IPT mandate has been obtained, a statement to that effect**

The Group does not have a general mandate for interested person transactions.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
		SGD	SGD
Chu Ming Kin	Executive Chairman, Chief Executive Officer of the Company	Nil	Nil

On 30 June 2023, the Company disposed the entire issued and paid-up share capital of dormant subsidiaries to the CEO for a cash consideration of SGD1. As the CEO is considered as an “interested person” within the meanings of Catalist Rule 904(4)(a). As such, such disposal is considered as an “interested person transaction”. However, pursuant to Catalist Rule 905(3), as the value of such disposal is below SGD100,000, Catalist Rules 905(1) and 905(2) do not apply. Please refer to Company’s announcement dated 28 June 2023 and 30 June 2023 for further details.

10. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

The Company confirms that there is no such person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Catalist Rule 704(10).

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11. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

12. Segmented revenue and results for operating segments (of the group in the form presented in the issuer's most recently audited financial statements with comparative information for the immediately preceding year

The Company did not generate any revenue for FY2023 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2023 and FY2022.

13. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

The Company did not generate any revenue for FY2023 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2023 and FY2022.

14. A breakdown of sales:

The Company did not generate any revenue for FY2023 and has been deemed a cash company since May 2021. As a result, there is no breakdown of sales for FY2023 and FY2022.

15. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

No dividends were declared for FY2023 and FY2022.

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16. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A) of the Catalist Rules

DISPOSAL OF DORMANT SUBSIDIARIES

The Company disposed the entire issued and paid-up share capital of Sincap AU Group and Sincap Properties Group to the CEO for a cash consideration of SGD1. The Consideration was determined by the Company and the CEO at arm's length and on a willing-buyer willing-seller basis, taking into account of the dormant status and the net liabilities position of Sincap AU Group and Sincap Properties Group as at 31 March 2023. Following the completion of the disposal on 30 June 2023, the companies comprising Sincap AU Group and Sincap Properties Group ceased to be subsidiaries of the Company. Please refer to the Company's announcements dated 28 June 2023 and 30 June 2023 for further details.

VOLUNTARY DEREGISTRATION OF A SUBSIDIARY

Chengdu Weili Technology Co Ltd., a dormant indirect wholly-owned subsidiary of the Company incorporated in People's Republic of China, were dissolved by way of voluntary deregistration. Please refer to the Company's announcement dated 6 March 2023 for further details.

BY ORDER OF THE BOARD

CHU MING KIN

Executive Chairman and Chief Executive Officer

29 FEBRUARY 2024