

SINCAP GROUP LIMITED

(Incorporated in the Republic of Singapore)

Co. Reg. No.201005161G

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (“FY”) 2018****1(a)(i) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group		% Change Increase/ (Decrease)
	Unaudited FY 2018 RMB'000	Audited FY 2017 RMB'000	
<u>Continuing operation</u>			
Revenue	267,380	306,737	(13)
Cost of Sales	<u>(253,472)</u>	<u>(266,578)</u>	(5)
Gross Profit	13,908	40,159	(65)
Other Income	223	2,325	(90)
Administrative Expenses	(9,908)	(9,551)	4
Finance Costs	(33)	(40)	(18)
Other expenses	-	<u>(9,892)</u>	(100)
Profit before income tax	4,190	23,001	(82)
Income Tax Expense	<u>(1,389)</u>	<u>(5,575)</u>	(75)
Profit from continuing operations, net of tax	2,801	17,426	(84)
<u>Discontinued operations</u> ⁽¹⁾			
Profit from discontinued operations, net of tax	-	10,198	n.m.
Profit for the year	2,801	27,624	
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit and loss:			
Reclassification of currency translation reserve upon disposal of subsidiaries	-	229	
Currency translation differences arising on consolidation	11,546	<u>(7,872)</u>	n.m.
Total comprehensive income for the year	<u>14,347</u>	<u>19,981</u>	(28)
Profit/(loss) attributable to:			
Equity holders of the Company	(731)	13,747	n.m.
Non-controlling interests	3,532	13,877	(75)
	<u>2,801</u>	<u>27,624</u>	(90)
(Loss)/profit attributable to equity holders of the Company relates to:			
(Loss)/profit from continuing operations	(731)	3,549	
Profit from discontinued operations	-	10,198	
	<u>(731)</u>	<u>13,747</u>	
Total comprehensive income attributable to:			
Equity holders of the Company	7,393	9,001	n.m.
Non-controlling interests	6,954	10,980	(37)
	<u>14,347</u>	<u>19,981</u>	(28)

n.m.: denotes not meaningful

Note:

- (1) Due to the disposal which was completed on 12 October 2017, Beijing Raffles Investment Advisory Co. Ltd (“Beijing Raffles” and collectively, with its subsidiaries, the “Beijing Raffles Group”) ceased to be a subsidiary of the Company. As such, pursuant to FRS105, under “Non-current Assets Held for Sale and Discontinued Operations”, a “discontinued operation” is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area. The management of the Company (the “Management”) has assessed and is satisfied that the Beijing Raffles Group has met the criteria under FRS 105 as “discontinued operation”. Hence, the financial statements for the financial year ended 31 December 2017 are prepared in accordance with the requisite presentation and disclosure prescribed under FRS 105.

1(a)(ii) Profit, net of tax, is arrived at after (charging)/crediting the following:

	Group		
	Unaudited FY 2018 RMB'000	Audited FY 2017 RMB'000	% Change Increase/ (Decrease)
After (charging)/ crediting:			
<u>Continued operations</u>			
Allowance for doubtful receivables	-	(9,679)	(100)
Depreciation of plant and equipment	(226)	(190)	19
Plant and equipment written off	-	(2)	(100)
Operating lease expenses	(224)	(220)	2
Foreign exchange gain/(loss)	222	(213)	n.m.
Interest expenses	(33)	(40)	(18)
Interest income	1	2,320	(100)
<u>Discontinued operations</u>			
Amortisation of intangible assets	-	(118)	n.m.
Amortisation of land use right	-	(22)	n.m.
Depreciation of plant and equipment	-	(4,562)	n.m.
Gain on disposal of subsidiaries	-	17,358	n.m.
Plant and equipment written off	-	(193)	n.m.
Operating lease expenses	-	(85)	n.m.
Interest income	-	92	n.m.

n.m.: denotes not meaningful

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited 31.12.2018 RMB'000	Audited 31.12.2017 RMB'000	Unaudited 31.12.2018 RMB'000	Audited 31.12.2017 RMB'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	659	761	659	761
Goodwill	13,434	13,434	-	-
Investments in subsidiaries	-	-	136,749	76,093
Total Non-Current Assets	14,093	14,195	137,408	76,854
<u>Current Assets</u>				
Trade and other receivables	255,263	193,933	121,134	48,554
Bank and cash balances	13,000	22,855	1,234	18,701
Total Current Assets	268,263	216,788	122,368	67,255
Total Assets	282,356	230,983	259,776	144,109
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	203,930	151,560	203,930	151,560
Accumulated profits/(losses)	12,113	6,661	(35,284)	(31,065)
Currency translation reserve	(1,743)	(9,867)	5,048	727
Equity, attributable to equity holders of the Company	214,300	148,354	173,694	121,222
Non-controlling interests	41	59,927	-	-
Total Equity	214,341	208,281	173,694	121,222
<u>Non-Current Liabilities</u>				
Borrowings	60,977	669	60,977	669
Total Non-Current Liabilities	60,977	669	60,977	669
<u>Current Liabilities</u>				
Trade and other payables	5,206	16,198	24,508	21,649
Borrowings	526	501	526	501
Income tax payable	1,306	5,334	71	68
Total Current Liabilities	7,038	22,033	25,105	22,218
Total Liabilities	68,015	22,702	86,082	22,887
Total Equity and Liabilities	282,356	230,983	259,776	144,109

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	Group	
	Unaudited	Audited
	31.12.2018	31.12.2017
	RMB'000	RMB'000
Payable in one year or less, or on demand		
Secured		
Obligation under finance leases (a)	197	183
Unsecured		
Term loan	329	318
	526	501
Payable after one year		
Secured		
Obligation under finance leases (a)	494	669
Unsecured		
Bonds	60,483	-
	60,977	669
TOTAL	61,503	1,170

Details of any collateral

- a) The obligations under finance leases are secured by charges of the lessors (banks) over the leased assets of the Group.

Note on the Bonds:

The unsecured Bonds refer to the bond issued by the Company as consideration for its purchase of 48.97% of the issued and paid-up share capital of Orion Energy Resources Pte. Ltd., more details of which are given at paragraph 1(d)(ii) below.

1 (c) A statement of cash flows (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	Unaudited FY 2018 RMB'000	Audited FY 2017 RMB'000
<u>Cash flows from operating activities</u>		
Profit before tax from continuing operations	4,190	23,001
Profit before tax from discontinued operations	-	10,359
Profit before tax, total	4,190	33,360
Adjustments for:		
Interest income	(1)	(2,411)
Interest expense	33	40
Depreciation of property, plant and equipment	226	4,752
Gain on disposal of subsidiaries	-	(17,358)
Allowance for doubtful receivables	-	9,679
Provision for safety expenses	-	(61)
Amortisation of intangible assets and land use rights	-	140
Plant and equipment written off	-	195
Operating cash flows before working capital changes	4,448	28,336
Inventories	-	603
Receivables	(50,060)	(133,055)
Payables	(11,439)	22,052
Currency translation adjustments	56	253
Cash used in operations	(56,995)	(81,811)
Income tax paid	(5,761)	(3,739)
Net cash used in operating activities	(62,756)	(85,550)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(78)	(1,861)
Net cash inflow on disposal of subsidiaries	-	37,695
Interest received	1	93
Net cash flows (used in)/generated from investing activities	(77)	35,927
<u>Cash flows from financing activities</u>		
Interest paid	(33)	(40)
Finance lease repayment	(201)	(101)
Proceeds from issuance of new shares, net of issuance expenses	52,370	18,308
Capital contribution by non-controlling interest	-	37,609
Net cash flows generated from financing activities	52,136	55,776
Net (decrease)/increase in cash and cash equivalents	(10,697)	6,153
Cash and cash equivalents, beginning balance	22,855	17,979
Effects of exchange rate changes on cash and cash equivalents	842	(1,277)
Cash and cash equivalents, ending balance	13,000	22,855

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

	Share capital RMB'000	Accumulated (losses)/profits RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Attributable to equity holders of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
As at 1 January 2018	151,560	6,661	-	(9,867)	148,354	59,927	208,281
Profit for the year	-	(731)	-	-	(731)	3,532	2,801
Other comprehensive income/(loss)							
Currency translation differences arising on consolidation	-	-	-	8,124	8,124	3,422	11,546
Total comprehensive income for the financial year	-	(731)	-	8,124	7,393	6,954	14,347
Issue of shares	52,988	-	-	-	52,988	-	52,988
Share issue expenses	(618)	-	-	-	(618)	-	(618)
Acquisition of a Non-Controlling Interest Without a Change in Control	-	6,183	-	-	6,183	(66,840)	(60,657)
As at 31 December 2018	203,930	12,113	-	(1,743)	214,300	41	214,341
As at 1 January 2017	133,252	(24,745)	17,659	(5,121)	121,045	12,149	133,194
Profit for the year	-	13,747	-	-	13,747	13,877	27,624
Other comprehensive income/(loss)							
Reclassification of currency translation reserve upon disposal of subsidiaries	-	-	-	229	229	-	229
Currency translation differences arising on consolidation	-	-	-	(4,975)	(4,975)	(2,897)	(7,872)
Total comprehensive income for the financial year	-	13,747	-	(4,746)	9,001	10,980	19,981
Disposal of a subsidiary	-	17,659	(17,659)	-	-	(811)	(811)
Issue of shares	18,747	-	-	-	18,747	-	18,747
Share issue expenses	(439)	-	-	-	(439)	-	(439)
Capital contribution by non-control	-	-	-	-	-	37,609	37,609
As at 31 December 2017	151,560	6,661	-	(9,867)	148,354	59,927	208,281

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

Company

	Share capital RMB'000	Accummulated (losses)/profits RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
As at 1 January 2018	151,560	(31,065)	727	121,222
Loss for the period	-	(4,219)	-	(4,219)
Other comprehensive loss				
Currency translation differences arising from translation into the presentation currency	-	-	4,321	4,321
Total comprehensive income for the year	-	(4,219)	4,321	102
Issue of share capital	52,988	-	-	52,988
Share issue expenses	(618)	-	-	(618)
As at 31 December 2018	203,930	(35,284)	5,048	173,694
As at 1 January 2017	133,252	(66,279)	3,097	70,070
Profit for the period	-	35,214	-	35,214
Other comprehensive income				
Currency translation differences arising from translation into the presentation currency	-	-	(2,370)	(2,370)
Total comprehensive loss for the year	-	35,214	(2,370)	32,844
Issue of share capital	18,747	-	-	18,747
Share issue expenses	(439)	-	-	(439)
As at 31 December 2017	151,560	(31,065)	727	121,222

1(d)(ii) Details of any changes in the company’s share capital arising from rights issues, bonus shares, shares buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	Number of shares	Share capital S\$	Share capital RMB
<u>Issued and Paid-Up Capital</u>			
As at 31 December 2017	900,500,410	31,102,716	151,559,804
Issuance of shares	800,500,000	10,807,000	52,988,529
Share issuance expenses	-	(126,308)	(618,062)
As at 31 December 2018	<u>1,701,000,410</u>	<u>41,783,408</u>	<u>203,930,271</u>

On 19 December 2018, the Company issued a bond denominated in Singapore Dollars with a principal amount of S\$12.0 million as the consideration for the acquisition of additional interest in Orion Energy Resources Pte. Ltd (“**Bond**”). The Bond will mature on 19 December 2021, but may be redeemed before maturity at the Company’s option. Please refer to the Company’s announcement dated 27 November 2018⁽¹⁾ and 19 December 2018. The Bond may be redeemed, at the Company’s option, through cash payment and/or through issuance of new fully-paid ordinary shares of the Company based on a fixed issue price of S\$0.012 per new share (“**Redemption Shares**”). In deciding the method of redemption, the Company will monitor its shareholdings and ensure that Redemption Shares will not be issued to the Vendor such that:

- (a) the Vendor and/or any person who may have an interest in such Redemption Shares through the Vendor will become a controlling shareholder of the Company, as defined under the Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”); or
- (b) a mandatory offer is triggered in accordance with the Singapore Code on Take-overs and Mergers.

In determining whether any issuance of Redemption Shares may result in a change of controlling interest or trigger a mandatory offer, the Company shall take into consideration the existing share interests (if any) of the Vendor and/or any person who, through the Vendor, may have an interest in the Redemption Shares to be issued.

As at 31 December 2018, there has been no redemption of the Bond in new ordinary shares of the Company since the date of their issue.

There were no treasury shares as at 31 December 2018 and 31 December 2017 respectively.

Note:

- (1) In the Company’s announcement dated 27 November 2018, the Company had inaccurately referred to the Bond as a “convertible bond”. The Company would like to clarify that the Bond is not a convertible bond as there is no option for the bondholder to convert the Bond into ordinary shares in the Company. Instead, the option to repay the Bond in cash or through issuance of new ordinary shares in the Company lies solely at the Company’s option. Nevertheless, the Company will be seeking shareholder’s approval for the issuance of the Bond at the forthcoming annual general meeting of the Company.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	<u>Company</u>	
	31.12.2018	31.12.2017
Number of ordinary shares in issue	<u>1,701,000,410</u>	<u>900,500,410</u>

The Company did not hold any treasury shares as at 31 December 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable. The figures have neither been audited nor reviewed by the Company's auditors.

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

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting financial year as in the audited financial statements for the financial year ended 31 December 2017, except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for annual financial periods beginning on or after 1 January 2018.

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

The Group and the Company have adopted all the Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for annual financial periods beginning on or after 1 January 2018, as mentioned in Paragraph 4 above. The adoption has no material financial impact on the financial statements of the Group and the Company for the current financial year reported on and prior reporting periods.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year

	Unaudited FY 2018	Audited FY 2017
For continuing and discontinued operations		
<u>Earnings per share ("EPS" or "LPS") (RMB cents)</u>		
on weighted average number of ordinary shares	(0.06)	1.73
on fully diluted basis	(0.06)	1.73
<u>Net profit attributable to shareholders (RMB'000) used to compute</u>		
basic EPS/LPS	(731)	13,747
diluted EPS/LPS	(731)	13,747
<u>Weighted average number of ordinary shares in issue used to compute</u>		
basic LPS/EPS	1,172,192,191	796,437,284
diluted LPS/EPS	1,172,192,191	796,437,284

For continuing operations

Earnings per share ("EPS" or "LPS") (RMB cents)

on weighted average number of ordinary shares	(0.06)	0.45
on fully diluted basis	(0.06)	0.45

Net profit attributable to shareholders (RMB'000) used to compute

basic EPS/LPS	(731)	3,549
diluted EPS/LPS	(731)	3,549

Weighted average number of ordinary shares in issue used to compute

basic LPS/EPS	1,172,192,191	796,437,284
diluted LPS/EPS	1,172,192,191	796,437,284

For discontinued operations

Loss per share ("EPS" or "LPS") (RMB cents)

on weighted average number of ordinary shares	-	1.28
on fully diluted basis	-	1.28

Net loss attributable to shareholders (RMB'000) used to compute

basic EPS/LPS	-	10,198
diluted EPS/LPS	-	10,198

Weighted average number of ordinary shares in issue used to compute

basic LPS/EPS	1,172,192,191	796,437,284
diluted LPS/EPS	1,172,192,191	796,437,284

Note:

- (1) The Company issued and allotted 350,250,000 and 450,250,000 ordinary shares pursuant to the placement of shares on 22 May 2018 and 16 November 2018 respectively. With the issue of the 800,500,000 shares, the issued and paid-up share capital of the Company was increased from 900,500,410 shares to 1,701,000,410 shares.

The basic and diluted EPS and LPS for FY2018 and FY2017 respectively were the same as there were no potentially dilutive securities in issue as at 31 December 2018 and 31 December 2017.

7. Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of: (a) current financial period reported on; and (b) immediate preceding financial year

	<u>Group</u>		<u>Company</u>	
	<u>Unaudited</u> 31.12.2018	<u>Audited</u> 31.12.2017	<u>Unaudited</u> 31.12.2018	<u>Audited</u> 31.12.2017
Net asset value per ordinary share based on existing issued share capital as at the end of period (RMB cents)	12.60	16.47	10.21	13.46
Net asset value as at the end of the period (RMB'000)	214,300	148,354	173,694	121,222
Number of ordinary shares in issue at the end of the period	1,701,000,410	900,500,410	1,701,000,410	900,500,410

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8(a). REVIEW OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

The Group's revenue from continuing operations decreased by RMB39.3 million or 13%, from RMB306.7 million in FY2017 to RMB267.4 million in FY2018, which was mainly contributed by the sale of thermal coal by the Company's subsidiary, Orion Energy Resources Pte Ltd ("Orion"). The decrease in sales was mainly due to decrease in sales volume from 1,196,000 MT in FY2017 to 897,000 MT in FY2018 due to the restrictions on coal imports implemented by China.

Gross profit and gross profit margin

The Group's gross profit from continuing operations decreased by RMB26.3 million or 65%, from RMB40.2 million in FY2017 to RMB13.9 million in FY2018.

The Group's overall gross profit margin from continuing operations decreased from 13% in FY2017 to 5% in FY2018, mainly attributable to increased thermal cost purchase price from suppliers. Higher profit margin achieved in FY2017 was mainly due to long term contracts signed with suppliers in early 2017 when the market price is still low, locking the purchase price for the whole year, even when the market price became volatile eventually and on an increasing trend. For FY2018, most of contracts year to date are on spot basis which is closer to market price.

Other income

The Group's other income from continuing operations in FY2018 is mainly derived from foreign exchange difference, while the substantial amount of other income in FY2017 was relating to the interest income derived from the term loan to Richardson 1 Pty Ltd ("Richardson Loan").

Other items of expenses

Administrative expenses from continuing operations increased by RMB0.4 million or 4%, from RMB9.5 million in FY2017 to RMB9.9 million in FY2018. This was mainly due to increase in professional fees incurred in relation to corporate actions and consultation.

Finance costs from continuing operations in FY2018 is mainly contributed by finance lease interest, which is fairly consistent with FY2017.

Other expenses from continuing operations in FY2017 was mainly due to recognition of an allowance for doubtful receivables, arising from the default on loan payment of the Company's subsidiary in Australia – SCL Murray Pty. Ltd.

Income tax

The Group incurred income tax expenses of RMB1.4 million in FY2018 as compared to RMB5.6 million in FY2017, mainly due to lower profits from its operating subsidiary, Orion.

8(b). REVIEW OF THE STATEMENTS OF FINANCIAL POSITION

The Group recorded positive working capital of RMB261.2 million as at 31 December 2018, as compared to RMB194.8 million as at 31 December 2017.

The Group's equity attributable to holders of the Company increased by RMB66.0 million, from RMB148.3 million as at 31 December 2017 to RMB214.3 million as at 31 December 2018. The increase was mainly due to issuance of new shares of RMB29.8 million and RMB22.6 million on 22 May 2018 and 16 November 2018 respectively pursuant to issuance of placement shares.

Non-current assets

Non-current assets decreased by RMB0.1 million, from RMB14.2 million as at 31 December 2017 to RMB14.1 million as at 31 December 2018 due to depreciation.

Current assets

Current assets increased by RMB51.5 million from RMB216.8 million as at 31 December 2017 to RMB268.3 million as at 31 December 2018. This was mainly due to increase in trade receivables by RMB131.1 million, offset by (i) reduce of RMB66.1 million in advances to suppliers to secure for shipment; and decrease in bank and cash balances of RMB9.9 million due to payments made for working capital purposes.

Current liabilities

Current liabilities decreased by RMB15.0 million, from RMB22.0 million as at 31 December 2017 to RMB7.0 million as at 31 December 2018. The decrease was mainly due to (i) a decrease of RMB11.0 million in trade and other payables which is in line with the decreased thermal coal sales; and (ii) decrease of provision for income tax payable due to lower profit generated.

8(c). REVIEW OF THE STATEMENT OF CASH FLOWS

In FY2018, the net cash generated from operating activities before changes in working capital was RMB4.5 million. The net working capital outflow of RMB61.3 million was mainly due to (i) an increase of RMB50.1 million in trade and other receivables, and (ii) a decrease of RMB11.4 million in trade and other payables. The Group paid income tax of RMB5.8 million. This resulted in net cash used in operating activities of RMB62.8 million.

In FY2018, net cash used in investing activities amounted to RMB0.1 million, mainly due to purchase of plant and equipment.

In FY2018, the net cash generated from financing activities amounted to RMB52.1 million, mainly due to proceeds of issuance of new shares by the Group amounting to RMB52.4 million.

As a result of the above, cash and cash equivalents stood at RMB13.0 million as at 31 December 2018.

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

Not applicable. No forecast or a prospect statement had been previously disclosed to shareholder.

10. 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 reporting period and the next 12 months

The Group's subsidiary, Orion, has contributed to the Group's revenue and profit after tax of RMB267.4 million and RMB7.2 million respectively in FY2018. Sales volume for FY2018 has dropped due to China customs maintaining restrictions on coal imports. However, the situation has since change after entering January 2019, as China's customs begin to relax coal import restrictions, resulting China's coal imports to soar in January 2019, more than tripling from the prior month to 33.5 million MT. The Company continues to remain optimistic on the current supply-demand outlook for China, which accounts for the largest demand and supply of coal globally, leading the market on prices. Beyond China, the Group is also exploring opportunities to expand its customer portfolio.

On 19 December 2018, the Group has completed the acquisition of 7,595,000 ordinary shares in Orion. As mentioned, the outlook for coal trading industry remain positive for the foreseeable future, supported by the energy requirements of developing countries in Asia. Following completion of the acquisition of Orion, the Group's stake in Orion has increased from 51% to 99.7% and the Group expect Orion to provide consistent return to the equity holder of the Group and the Company.

On 30 January 2019, the Company and SCL Murray (the "Sincap Parties") entered into a Third Settlement Agreement with Mr Damon Ferguson, Mr Chad Ferguson, Mr Anthony Hatt (the "Individuals") and Richardson 1 Pty Ltd ("R1PL") (the Individuals and R1PL together, the "Defaulting Parties") and the development company run by the Individuals, following the agreement on a debt workout programme whereby the Defaulting Parties will repay the outstanding amount owed to the Sincap Parties progressively under an instalment plan. Please refer to the announcements dated 27 November 2015, 3 December 2015, 4 September 2017, 7 September 2017, 22 December 2017, 11 May 2018, 5 September 2018 and 30 January 2019 for further details in relation to the default and its subsequent developments.

11. Dividend

(a) Current financial period reported on any dividend declared for the current financial period reported on?

Nil

(b) Corresponding period of the immediately preceding financial year any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for FY2018 as the Board of Directors of the Company deems it appropriate to retain the cash for the Group's working capital expenditure and for the Group's future growth.

13. Aggregate value of all Interested Person Transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual Section B: Rules of Catalist

Particulars of interested person transactions ("IPTs") for the period 27 April 2018 to 31 December 2018

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RMB'000
Sales: Artwell Minerals Resources Company Limited	Nil	92,441

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Continuing Operations

Group	Coal products	Property development	Unallocated	Total
FY2018	RMB'000	RMB'000	RMB'000	RMB'000
Revenue by Segment	267,380	-	-	267,380
Total revenue	267,380	-	-	267,380
Recurring EBITA	8,598	(156)	-	8,442
Depreciation and amortisation	-	-	(226)	(226)
ORBIT	8,598	(156)	(226)	8,216
Interest income	-	-	1	1
Finance costs	-	-	(33)	(33)
Unallocated corporate expenses				(3,994)
Profit before income tax				4,190
Income tax expenses				(1,389)
Profit, net of tax				2,801
Assets and Reconciliation				
Total assets for reportable segment	272,004	8,151	-	280,155
Unallocated:				
Property, plant and equipment			659	659
Other receivables				-
Other assets, current			63	63
Cash and cash equivalents			1,479	1,479
Total group assets	272,004	8,151	2,201	282,356
Liabilities and Reconciliation				
Total liabilities for reportable segment	253	62	-	315
Unallocated:				
Income tax payables			1,306	1,306
Trade and other payables			4,891	4,891
Borrowings			61,503	61,503
	253	62	67,700	68,015

Continuing Operations

Group	Coal products	Property development	Unallocated	Total
FY2017	RMB'000	RMB'000	RMB'000	RMB'000
Revenue by Segment	306,737	-	-	306,737
Total revenue	306,737	-	-	306,737
Recurring EBITA	33,889	2,206	-	36,095
Allowance for doubtful receivables	-	(9,679)	-	(9,679)
Depreciation and amortisation	-	-	(190)	(190)
Property, plant and equipment written	-	-	(2)	(2)
ORBIT	33,889	(7,473)	(192)	26,224
Interest income	-	2,318	1	2,319
Finance costs	-	-	(40)	(40)
Unallocated corporate expenses	-	-	-	(5,502)
Profit before income tax	-	-	-	23,001
Income tax expenses	-	-	-	(5,575)
Profit, net of tax	-	-	-	17,426
Assets and Reconciliation				
Total assets for reportable segment	199,188	12,031	-	211,219
Unallocated:				
Property, plant and equipment	-	-	761	761
Other receivables	-	-	-	-
Other assets, current	-	-	58	58
Cash and cash equivalents	-	-	18,945	18,945
Total group assets	199,188	12,031	19,764	230,983
Liabilities and Reconciliation				
Total liabilities for reportable segment	10,806	75	-	10,881
Unallocated:				
Income tax payables	-	-	5,334	5,334
Trade and other payables	-	-	5,317	5,317
Borrowings	-	-	1,170	1,170
	10,806	75	11,821	22,702

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

Please refer to paragraph 8 for further details.

16. A breakdown of sales

	Group Year ended		% Change Increase/ (Decrease)
	31-Dec-18 RMB'000	31-Dec-17 RMB'000	
(a) Sales reported for the first half year	217,296	242,046	(10)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	5,166	21,939	(76)
(c) Sales reported for the second half year	50,084	64,691	(23)
(d) Operating (loss)/profit after tax before deducting non-controlling interests for second half year	(2,365)	5,685	(142)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

- (a) Ordinary
- (b) Preference
- (c) Total

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2018 and 31 December 2017.

18. 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.

Pursuant to Rule 704(10) of the Listing Manual, none of the employees occupying managerial positions in the Company or any of its principal subsidiaries are relatives of the Directors or Chief Executive Officer or substantial shareholders of the Company.

19. Use of proceeds from the Placement Issue

(a) The net proceeds arising from the allotment and issuance of the Placement Shares on 22 May 2018 was approximately S\$6.226 million, which has been fully utilised as follows:

Use of proceeds	Allocated (S\$'000)	Utilised (S\$'000)	Balance (S\$'000)
(i) To support current businesses as carried out by the Company's subsidiaries (Orion Energy Resources Pte. Ltd. And Sincap Properties Pte. Ltd.), and	5,604	(5,604)	-
(ii) For business development and to provide liquidity for business expansion through acquisitions, joint ventures and collaborations			
General working capital purposes	622	(622)	-
Total	6,226	(6,226)	-

(b) The net proceeds arising from the allotment and issuance of the Placement Shares on 16 November 2018 was approximately S\$4.454 million (after deducting expenses of approximately S\$48,010, which, as at 31 December 2018, has been utilised as follows:

Use of proceeds	Allocated (S\$'000)	Utilised (S\$'000)	Balance (S\$'000)
Business developments through potential investments, acquisitions, joint ventures and collaborations and expanding the current business as carried out by the Company's subsidiary, Orion Energy Resources Pte. Ltd.	4,009	(4,009)	-
General working capital purposes	445	(423)	22
Total	4,454	(4,432)	22

20. 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 Listing Manual.

The Company hereby confirms that it has procured signed undertakings from all its directors and relevant executive officers in the format as set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Chu Ming Kin
*Executive Chairman and
 Chief Executive Officer*

1 March 2019

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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