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

	Notes	Group FY2022 Unaudited RMB'000	Group FY2021 Unaudited RMB'000	Change Inc / (Dec) %
Revenue		-	-	N.A.
Cost of sales		-	-	N.A.
Gross profit		-	-	N.A.
Other income	10	3,507	2,019	73.7
Allowance for expected credit loss	10	-	(192,468)	N.M.
Reversal of allowance for expected credit loss	10	-	2,719	N.M.
Administrative expenses	10	(4,602)	(960)	379.4
Other expenses	10	(218)	(3,703)	(94.1)
Finance costs		(13)	(193)	(93.3)
Loss before tax		(1,326)	(192,586)	(99.3)
Tax (expenses)/credit		(38)	66	(157.6)
Loss for the financial year, net of tax		(1,364)	(192,520)	(99.3)
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences arising on consolidation of foreign entities, representing other comprehensive loss for the financial year, net of tax		(588)	(3,553)	(83.5)
Total comprehensive loss for the financial year		(1,952)	(196,073)	(99.0)
Loss attributable to:				
Owners of the Company		(1,364)	(192,459)	(99.3)
Non-controlling interests		*	(61)	(100.0)
		(1,364)	(192,520)	(99.3)
Total comprehensive loss attributable to:				
Owners of the Company		(1,950)	(196,011)	(99.0)
Non-controlling interests		(2)	(62)	(96.8)
		(1,952)	(196,073)	(99.0)
Losses per share of the Company (RMB cents per share)				
Basic and diluted	13	(0.08)	(11.32)	(99.3)

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

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		31.12.2022 Unaudited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2022 Unaudited RMB'000	31.12.2021 Unaudited RMB'000
Non-current assets					
Plant and equipment	5	-	-	-	-
Investments in subsidiaries	6	-	-	-	-
		-	-	-	-
Current assets					
Trade and other receivables	7	32	4,651	-	-
Cash and cash equivalents		917	526	707	8
		949	5,177	707	8
Total assets		949	5,177	707	8
Non-current liability					
Borrowings	9	4,655	1,659	4,655	899
Current liabilities					
Trade and other payables	8	4,085	3,482	4,044	26,919
Borrowings	9	-	5,875	-	5,875
		4,085	9,357	4,044	32,794
Total liabilities		8,740	11,016	8,699	33,693
Net liabilities		(7,791)	(5,839)	(7,992)	(33,685)
Equity					
Share capital	15	203,930	203,930	203,930	203,930
Accumulated losses		(197,544)	(196,180)	(204,697)	(232,661)
Currency translation reserve		(14,155)	(13,569)	(7,225)	(4,954)
Equity attributable to owners of the Company		(7,769)	(5,819)	(7,992)	(33,685)
Non-controlling interests		(22)	(20)	-	-
Total equity		(7,791)	(5,839)	(7,992)	(33,685)

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Accumulated losses RMB'000	Currency translation reserve RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
The Group						
FY2021 (Unaudited)						
Balance at 1 January 2021	203,930	(3,721)	(10,017)	190,192	42	190,234
Loss for the financial year	-	(192,459)	-	(192,459)	(61)	(192,520)
Other comprehensive loss:						
– Currency translation differences arising on consolidation	-	-	(3,552)	(3,552)	(1)	(3,553)
Total comprehensive loss for the financial year	-	(192,459)	(3,552)	(196,011)	(62)	(196,073)
Balance at 31 December 2021	203,930	(196,180)	(13,569)	(5,819)	(20)	(5,839)
FY2022 (Unaudited)						
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)
Other comprehensive loss:						
– 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)

* : less than RMB1,000

	Share capital RMB'000	Accumulated profit/(losses) RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
The Company				
FY2021 (Unaudited)				
Balance at 1 January 2021	203,930	(47,016)	(3,228)	153,686
Loss for the financial year	-	(185,645)	-	(185,645)
Other comprehensive income:				
– Currency translation differences arising on consolidation	-	-	(1,726)	(1,726)
Total comprehensive loss for the financial year	-	(185,645)	(1,726)	(187,371)
Balance at 31 December 2021	203,930	(232,661)	(4,954)	(33,685)
FY2022 (Unaudited)				
Balance at 1 January 2022	203,930	(232,661)	(4,954)	(33,685)
Profit for the financial year	-	27,964	-	27,964
Other comprehensive income:				
– Currency translation differences arising on consolidation	-	-	(2,271)	(2,271)
Total comprehensive profit/(loss) for the financial year	-	27,964	(2,271)	25,693
Balance at 31 December 2022	203,930	(204,697)	(7,225)	(7,992)

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group FY2022 Unaudited RMB'000	Group FY2021 Unaudited RMB'000
Cash flows from operating activities			
Loss before tax		(1,326)	(192,586)
Adjustment for:			
Interest expense		13	193
Allowance for expected credit loss		-	192,468
Reversal of allowance for expected credit loss		-	(2,719)
Receivables written off		-	3,703
Plant and equipment written off, net		-	(40)
Collection agency fees	(a)	2,338	-
Payables written off		(257)	(1,001)
Gain on settlement of Bond	(b)	(3,248)	-
Foreign exchange loss/(gain), net		218	(978)
Operating cash flows before working capital changes		(2,262)	(960)
Increase in payables		316	1,388
Currency translation adjustments		245	(806)
Cash used in operations		(1,701)	(378)
Income tax paid		(38)	-
Net cash used in operating activities		**(1,739)**	**(378)**
Cash flows from financing activities			
Proceeds from Richardson Loan, net	(a)	2,080	-
Repayment of Bond	(b)	(3,103)	-
Loans from a director	(b)	3,103	-
Net cash generated from financing activities		**2,080**	**-**
Net increase/(decrease) in cash and cash equivalents		341	(378)
Cash and cash equivalents at beginning of financial year		526	930
Effects of currency translation on cash and cash equivalents		50	(26)
Cash and cash equivalents at end of financial year		**917**	**526**

Notes:

(a) As announced on 29 April 2022, an amount of AUD1.0 million (equivalent to RMB4.7 million) was collected by a collecting agent on behalf of the Group in April 2022 as final settlement for Richardson Loan and the Group received net proceeds of approximately AUD0.4 million (equivalent to RMB2.1 million), after deducting agent fees for the debt collection of AUD0.5 million (equivalent to RMB2.3 million) and service fees of AUD0.06 million (equivalent RMB0.3 million).

(b) On 19 December 2018, the Company issued a bond with a principal amount of SGD12.0 million (equivalent to RMB56.6 million), as consideration for the acquisition of an additional interest in Orion Energy Resources Pte. Ltd. ("**Orion**") (the "**Bond**"). The Bond bears interest at 5% per annum, had a maturity date of 19 December 2021, and could be redeemed before maturity at the Company's option through cash payment and/or issuance of new fully paid ordinary shares of the Company at an issue price of SGD0.012 per share. The amounts outstanding under the Bond, including interest payable, was approximately SGD1.2 million (equivalent to RMB5.9 million) as at 15 December 2022.

The Bond was subsequently cancelled after payment of a final settlement amount of SGD0.6 million (equivalent to RMB3.1 million), which has first been paid on behalf of the Company to Magnigrow Capital Pte. Ltd by the CEO, on 15 December 2022. The amount of SGD0.6 million paid by the CEO constitutes an amount owing and payable by the Company to the CEO, the loan of which is on an unsecured and interest-free basis. Upon payment of the sum of SGD0.6 million, all amounts outstanding under the Bond had been deemed fully settled and resulting in a gain on settlement of Bond of SGD0.6 million (equivalent to RMB3.2 million). Please refer to the announcement of the Company dated 15 December 2022 for further details.

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 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company. The subsidiaries of the Company had ceased operations and are currently dormant. The Group did not generate any revenue for FY2022. 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 2022 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 2021.

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 this condensed interim consolidated financial statements for the financial year ended 31 December 2022.

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 2022, 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.

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 2021.

2.3. Material Uncertainty Related to Going Concern

For FY2022, the Group and the Company reported the following:

	Group	Company
	Unaudited RMB'000	**Unaudited RMB'000**
(Loss)/Profit for the financial year, net of tax	(1,364)	27,964[1]
Net current liabilities	(3,136)	(3,337)
Negative equity	(7,791)	(7,992)
Net cash used in operating activities	(1,739)	(1,881)

As updated by the Company via several SGX announcements[2], in the annual report for the financial year ended 31 December 2020 (the "**AR2020**") and in the condensed interim consolidated financial statements for the financial year ended 31 December 2021[3] (the "**FS2021**"), the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions. During FY2021 and FY2022, the Group did not have any revenue-generating activities despite efforts from the management. 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.

[1] Mainly due to gain arose from write-off of intercompany payables of approximately RMB28.2 million.
[2] Please refer to the Company's announcements dated 22 May 2022 and 12 August 2022.
[3] Please refer to the Company's announcement dated 10 May 2023.

Having considered the Company's existing position under the current pressing situation, the Company had initiated the following several corporate actions to address the going concern issue. These corporate actions include:

(i) entering into a binding heads of agreement with a professional investor for a proposed investment of up to SGD2.0 million (the "**HOA**") on 12 August 2022. Please refer to the Company's announcement dated 12 August 2022 for further details in relation to the HOA.; and

(ii) entering into a deed to fully and finally settle all amounts outstanding under the bond on 15 December 2022, pursuant to which Mr. Chu Ming Kin, the executive chairman and chief executive officer of the Company (the "**CEO**") has agreed to fully and finally settle, on behalf of the Company, all the remaining outstanding amounts under the bond which was previously issued by the Company for the Orion Acquisition (the "**Internal Debt Restructuring**"). As disclosed, the Internal Debt Restructuring would have a positive impact on the Group's consolidated earnings and net tangible assets for the financial year ending 31 December 2022 as this exercise, upon completion, would reduce the Group's liabilities by approximately SGD0.65 million. Please refer to the Company's announcement dated 15 December 2022 for further details in relation to the Internal Debt Restructuring.

Taking into consideration of the above, the Group has prepared a cash flow projection which covers a period of not less than twelve months from the date of this announcement. Based on the projected cash flows, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due over the next twelve months. As such, the board believes that the use of the going concern assumption in the preparation of the condensed interim consolidated financial statements for FY2022 remains appropriate.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements, as previously disclosed in the AR2020.

3. Seasonal operations

Not applicable. The Company did not generate any revenue for FY2022 and has been deemed a cash company since May 2021.

4. Segment and revenue information

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

5. Plant and equipment

The Group did not acquire or dispose of any asset (including plant and equipment) in the financial year ended 31 December 2022 (FY2021: Nil).

6. Investments in subsidiaries

	Company	
	31.12.2022 Unaudited RMB'000	**31.12.2021 Unaudited RMB'000**
Unquoted equity shares at cost		
At beginning of the year	164,381	168,471
Currency translation differences	14,974	(4,090)
	179,355	164,381
Less: Allowance for impairment losses	(179,355)	(164,381)
At end of the year	-	-

Movements in allowance for impairment losses are as follows:

	Company	
	31.12.2022 Unaudited RMB'000	**31.12.2021 Unaudited RMB'000**
At beginning of the year	164,381	38,807
Allowance made	-	127,898
Currency translation differences	14,974	(2,324)
At end of the year	179,355	164,381

7. Trade and other receivables

	Notes	Group		Company	
		31.12.2022 Unaudited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2022 Unaudited RMB'000	31.12.2021 Unaudited RMB'000
Trade receivables from a third party		29,633	27,159	-	-
Trade receivables from a related party	(a)	178,100	163,230	-	-
		207,733	190,389	-	-
Other receivables from third parties	(b)	32	10,679	-	-
Other receivables from a related party	(a)	1,096	1,003	-	-
Other receivables from subsidiaries	(c)	-	-	62,307	56,424
		208,861	202,071	62,307	56,424
Less: Allowance for impairment		(208,829)	(197,420)	(62,307)	(56,424)
		32	4,651	-	-

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

	Group		Company	
	31.12.2022 Unaudited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2022 Unaudited RMB'000	31.12.2021 Unaudited RMB'000
At beginning of the year	197,420	10,417	56,424	-
Allowance made	-	192,468	499	57,259
Written off	(6,099)	-	-	-
Reversal	-	(2,719)	-	-
Currency translation differences	17,508	(2,746)	5,384	(835)
At end of the year	208,829	197,420	62,307	56,424

Notes:

(a) Trade receivables from a related party comprised USD25.6 million (equivalent to RMB178.1 million) (FY2021: USD25.6 million (equivalent to RMB163.2 million)) owing by Artwell Minerals Resources Co., Ltd ("**Artwell**"), a company solely owned by the brother of the CEO. The Group has provided for full allowance for expected credit loss in FY2021. Please refer to "Allowance for expected credit loss" on pages 20 to 22 in the FS2021 for details of the impairment assessment of the trade receivables in FY2021.

Other receivables from a related party comprised USD0.2 million (equivalent to RMB1.1 million) (FY2021: USD0.2 million (equivalent to RMB1.0 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. The management of the Company has accordingly made an accounting judgement to (i) impair the previously recognised interest income and (ii) to refrain from recognising any additional interest income.

(b) As at 31 December 2021, other receivables included an unsecured loan with a net carrying amount of AUD2.3 million (equivalent to RMB10.7 million) extended by a subsidiary, SCL Murray Pty Ltd, to Richardson 1 Pty Ltd (the "**Richardson Loan**") with an interest of 7% per annum. The net carrying value for the Richardson Loan was AUD1.0 million (equivalent to RMB4.7 million) as at 31 December 2021 net of accumulated impairment loss of AUD1.3 million (equivalent to RMB6.0 million). Please refer to Section D Note (a) for further repayment details.

(c) Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of RMB39.1 million (FY2021: RMB35.1 million), which bears interest at 7% (FY2021: 7%) per annum. The Company has waived the interest income from the subsidiary since FY2020 and thus no interest income was recognised for FY2022.

8. Trade and other payables

		Group		Company	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Unaudited	Unaudited	Unaudited	Unaudited
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Other payables to third parties		1,826	2,080	1,784	1,869
Accrued operating expenses		2,259	1,402	1,947	1,195
Amounts due to subsidiaries	(a)	-	-	313	23,855
		4,085	3,482	4,044	26,919

Note:

(a) Amount due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

9. Borrowings

		Group		Company	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Current					
Bond	(a)	-	5,875	-	5,875
Non-current					
Loans from a director	(b)	4,655	1,659	4,655	899
		4,655	7,534	4,655	6,774

Notes:

(a) On 19 December 2018, the Company issued a bond with a principal amount of SGD12.0 million (equivalent to RMB56.6 million), as consideration for the acquisition of an additional interest in Orion. The Bond bears interest at 5% per annum, had a maturity date of 19 December 2021, and was redeemable before maturity at the Company's option through cash payment and/or issuance of new fully paid ordinary shares of the Company at an issue price of SGD0.012 per share. The amounts outstanding under the Bond, including interest payable, was approximately SGD1.2 million (equivalent to RMB5.9 million) as at 15 December 2022.

The Bond was subsequently cancelled after payment of a final settlement amount of SGD0.6 million (equivalent to RMB3.0 million), which has first been paid on behalf of the Company to Magnigrow Capital Pte. Ltd by the CEO, on 15 December 2022. The amount of SGD0.6 million paid by the CEO constitutes an amount owing and payable by the Company to the CEO, the loan of which is on an unsecured and interest-free basis. Upon payment of the sum of SGD0.6 million, all amounts outstanding under the Bond had been deemed fully settled. Please refer to the announcement of the Company dated 15 December 2022 and Section D Note (b) for further details.

(b) The loans from a director are unsecured, interest-free and is not expected to be repayable within next 12 months from financial year ended 31 December 2022.

10. Loss before tax

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

	Group	
	FY2022 Unaudited RMB'000	**FY2021 Unaudited RMB'000**
Other income		
Gain on settlement of Bond	(3,248)	-
Foreign exchange gain	-	(978)
Payables written off	(257)	(1,001)
Plant and equipment written off, net	-	(40)

Other expenses		
Foreign exchange loss	218	-
Receivables written off	-	3,703
Administrative expenses		
Collection agency fees	2,338	-
Reversal of allowance for expected credit loss	-	(2,719)
Allowance for expected credit loss	-	192,468

11. Material related party transactions

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

	Group	
	FY2022 Unaudited RMB'000	**FY2021 Unaudited RMB'000**
Partial debts waiver by a director	257	-
Loan from a director	3,103	-

These transactions were made on an interest-free basis and accordingly, the value at risk of these transactions to the Group was Nil.

12. Tax (expenses)/credit

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 (expenses)/credit in the condensed interim consolidated statement of profit or loss are:

	Group	
	FY2022 Unaudited RMB'000	**FY2021 Unaudited RMB'000**
Tax (expenses)/credit attributable to loss is made up of:		

Current year	-	-
Prior year	(38)	66
	(38)	66

13. Loss per share

	Group	
	FY2022	**FY2021**
	Unaudited	**Unaudited**
	RMB cents	**RMB cents**
Basic and fully diluted basis	(0.08)	(11.32)

Basic loss per share for the financial years ended 31 December 2022 and 2021 was calculated based on total weighted average number of shares of 1,701,000,410.

14. Net liabilities value

	Group		Company	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	RMB cents	**RMB cents**	**RMB cents**	**RMB cents**
Net liabilities value per ordinary share	(0.46)	(0.34)	(0.47)	(1.98)

Net liabilities value per share as at 31 December 2022 and 2021 was calculated based on total issued shares of 1,701,000,410.

15. Share capital

	Group and Company			
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	Number of shares ('000)		**RMB'000**	**RMB'000**
At beginning and end of financial year	1,701,000	1,701,000	203,930	203,930

The Company does not hold any treasury shares in the Company as at 31 December 2022 and 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 2021.

There were no outstanding options, convertibles held by the Company as at 31 December 2022 and 2021.

16. Subsequent events

Voluntary Deregistration of a Dormant Subsidiary

The Company has voluntary deregistered Chengdu Weili Technology Co Ltd., a dormant indirect wholly-owned subsidiary of the Company incorporated in People's Republic of China, on 27 February 2023. The deregistration is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company for FY2022. Please refer to the Company's announcement dated 6 March 2023 for further details.

Disposal of Dormant Subsidiaries

The Company has disposed the entire issued and paid-up share capital (the "**Sales Shares**") of Sincap Australia Pte. Ltd. ("**Sincap AU**") and Sincap Properties Pte. Ltd. ("**Sincap Properties**") to the CEO for a cash consideration of S$1 (the "**Disposal**"). The Disposal is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company for FY2022. Following the completion of the Disposal on 30 June 2023, the companies comprising Sincap AU and its subsidiaries and Sincap Properties and its subsidiaries will cease to be subsidiaries of the Company. Please refer to the Company's announcements dated 28 June 2023 and 30 June 2023 for further details on the Disposal.

Saved as disclosed in this announcement, there are no other known subsequent events which have led to material adjustments to the condensed interim consolidated financial statements for FY2022 and as at 31 December 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 2022 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 21 December 2022 and 10 May 2023, released the AR2020 and the FS2021, respectively setting out, among others, updates on audit issues (1) to (3) as set out as the section entitled "Basis for Qualified Opinion" of the Company's independent auditor' report dated 16 December 2022. Specifically, the audit issues (as disclosed therein) on which the qualified opinion was issued by the Group's independent auditor in relation to the Group's audited financial statements for FY2020 were relating to (i) impairment of trade receivables; (ii) valuation of bond and (iii) impairment of investments in subsidiaries and amounts due from subsidiaries. The Company would like to provide the following updates on these audit issues in FY2020:

(i) *Impairment of trade receivables*

As detailed under the section titled "Allowance for expected credit loss", set out on pages 20 to 22 of the FS2021, that the Company had recorded the financial impacts that arose from accounting for full impairment of the trade receivables in FY2021 having considered the potential legal actions to be undertaken and the key underlying basis adopted in the independent valuation report prepared by Win Bailey Valuation and Advisory Limited ("**WBVA**") in accordance with the basis guided under the International Financial Reporting Standard 9 ("**IFRS9**") – *Financial Instruments*.

(ii) *Valuation of bond*

Please refer to Section E Note 2.3 and Note 9(a) above, and the Company's announcement dated 15 December 2022 for details that all amounts outstanding under the Bond had been deemed fully settled on completion of the Internal Debt Restructuring. The amount of SGD0.6 million paid by the CEO thereafter constitutes amounts owing and payable by the Company to the CEO (i.e. a loan from a director), of which the loan is unsecured and interest-free.

(iii) *Impairment of investments in subsidiaries and amounts due from subsidiaries*

As set out on page 11 of the FS2021, management had performed an impairment test on the Company's investment in Orion and Sincap AU during FY2021 and had provided full impairment on the corresponding cost of investments. On the basis that all subsidiaries have ceased operations during the financial year under review, did not generate any revenue for fiscal year 2022, and are not expected to generate any revenue or profit in the foreseeable future, the net carrying amount of investments in subsidiaries remained Nil as of 31 December 2022.

(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 AR2020 (where the Company disclosed that the outstanding audit issues on pages 6, 7, 71 and 72 therein might have an impact on the financials for FY2021); (ii) Section F Note 1A(a) in FS2021; and (iii) the abovementioned Section F Note 1A(a), the Board is of the view that the impact of all outstanding audit issues on financial statements for FY2022 have been adequately disclosed as at the date of this announcement.

Upon completion of the audit for FY2021 and FY2022, 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 FY2021 and FY2022, if 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 Section F of Paragraph 4 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 2020.

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 2022. 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

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

FY2022

As updated by the Company via several SGX announcements, in the AR2020 and FS2021, 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 FY2022.

Other income

Mainly comprised (i) RMB0.3 million gains in relation to partial waiver of debt owing by the Company to the CEO; and (ii) RMB3.2 million gain from settlement of bond payables on completion of the Internal Debt Restructuring (please refer to Company's announcement dated 15 December 2022 for further details on the Internal Debt Restructuring).

Allowance for expected credit loss

There was no allowance for expected credit loss in FY2022 compared to allowance for expected credit loss on trade receivables of RMB192.5 million in FY2021.

Reversal of allowance for expected credit loss

There was no reversal of allowance for expected credit loss in FY2022 compared to a partial reversal of doubtful debts of RMB2.7 million (which was previously impaired upon full settlement of Richardson Loan) in FY2021.

Administrative expenses

Mainly comprised corporate expenses including compliance expenses and various professional fees. Administrative expenses increased by RMB3.6 million in FY2022 due to (i) agency fees of RMB2.3 million for the recovery of the Richardson Loan; and (ii) accruals of corporate expenses, including director fees, audit fees, listing fees, secretary fees, continuing sponsor fees, compliance expenses, and professional fees.

Other expenses

Mainly comprised foreign currency loss of RMB0.2 million due to the depreciation of SGD against USD in FY2022.

Finance costs

Finance cost fell significantly by RMB0.2 million from RBM193,000 in FY2021 to RMB13,000 in FY2022 upon full and final settlement of the bond payables in relation to the Internal Debt Restructuring.

b. Condensed Interim Statements of Financial Position

Total Assets

Total assets fell by RMB4.2 million from RMB5.2 million in FY2021 to RMB0.9 million in FY2022. Significant changes during the year under review were:

Trade and other receivables

Trade and other receivables fell by RMB4.6 million from RMB4.7 million in FY2021 to RMB30,000 in FY2022 due mainly to settlement arrangement in relation to the Richardson Loan. Please refer to the Company's announcement dated 29 April 2022 and Section E Note 7(b) for details.

Cash and cash equivalent

Cash and cash equivalent increased by RMB0.4 million from RMB0.5 million in FY2021 to RMB0.9 million in FY2022 due mainly to net proceeds from the Richardson Loan.

Total Liabilities

Total liabilities fell by RMB2.3 million from RMB11.0 million in FY2021 to RMB8.7 million in FY2022. Significant changes during the year under review were:

Trade and other payables

Trade and other payables increased by RMB0.6 million from RMB3.5 million in FY2021 to RMB4.1 million in FY2022 which mainly comprised amount payables to professional service providers and accrued operating expenses during the year under review.

Borrowings

Borrowings fell by RMB2.9 million from RMB7.5 million in FY2021 to RMB4.7 million in FY2022 mainly due to the full settlement of the Bond upon the completion of the Internal Debt Restructuring.

c. Condensed Interim Consolidated Statement of Cash Flows

The increase in cash and cash equivalents in FY2022 was primarily attributed to the net cash generated from financing activities of RMB2.1 million as a result of net proceeds from recovery of Richardson Loan, offset by net cash used in operating activities for payments of accrued expenses.

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.

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 SGX announcements[4] and in the AR2020, 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 FY2022 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.

On 12 August 2022, the Company announced the entry into a HOA with a professional investor (the "**Professional Investor**"), subject to certain terms and conditions being fulfilled such that the Company could pursue its turnaround plans under the strategic guidance of the Professional Investor, including an acquisition to be initiated by the Company which will be subject to the requirements of a "reverse takeover" under Catalist Rule 1015 (the "**Potential RTO**").

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

On 6 March 2023, the Company announced that (i) it has taken steps and made significant progress in addressing existing issues pertaining to Company's compliance with Catalist Rules under the guidance of the Professional Investor; and (ii) the Professional Investor has provided strategic guidance to the management of the Company in relation to identifying Potential RTO targets, and has advised that the targets under the Potential RTO should preferably exhibit one of the following or combined characteristics: (a) targets which record modest but firm profitability that risk of earnings fluctuation is low amidst market volatility; (b) targets which show indicative signs of higher profitability growth but requires operational restructuring; and (c) targets which generate stable operating cash flows but require additional working capital to fund expansion, as previously disclosed.

The Professional Investor has continued to lead the management of the Company in discussions with several potential targets in relation to the potential RTO. The Company has discussed preliminary proposals of certain commercial variables and preliminary structures with and has conducted site visits to these potential targets which the Company believes could be viable for the Potential RTO. Meanwhile, as the ongoing discussions with these targets are commercially sensitive, the Company will only be able to announce and/or update shareholders on the potential RTO of any of these targets via the SGXNet in the event that definitive agreements are signed.

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/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for FY2022 due to uncertainty regarding the Company's going concern, as previously disclosed.

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

During the year under review,

(i) the CEO paid SGD0.6 million (equivalent to RMB3.1 million) on behalf of the Company on 15 December 2022, that all amounts outstanding under the Bond had been deemed fully settled on completion of the Internal Debt Restructuring. The amount of SGD0.6 million paid by the CEO thereafter constitutes amounts owing and payable by the Company to the CEO (the "**Advances**"), the Advances is interest-free basis and thus, the value at risk to the Group pursuant to Catalist Rule 909(3) was Nil as at 31 December 2022; and

(ii) the CEO waived a portion of debt of SGD50,978.49 (equivalent to RMB0.3 million), such that the total sums owing to him as at the date of the HOA remains less than SGD300,000. As there is no interest paid to the CEO on the outstanding loan owing to him thus, the value at risk to the Group pursuant to Catalist Rule 909(3) was Nil as at 31 December 2022.

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).

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 FY2022 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2022 and FY2021.

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 FY2022 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2022 and FY2021.

14. A breakdown of sales:

The Company did not generate any revenue for FY2022 and FY2021 and has been deemed a cash company since May 2021. As a result, there is no breakdown of sales for FY2022 and FY2021.

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 FY2022 and FY2021.

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

The Company did not acquire or dispose shares in an entity which would result in that entity in becoming or ceasing to be, a subsidiary or associated company of the Company, or result in a change in the Company's shareholding percentage in a subsidiary or associated company, during FY2022.

Separately, as described in Section E Note 16, the Company had, in June 2023, disposed of the entire issued and paid-up share capital Sincap AU and Sincap Properties to the CEO for a cash consideration of S$1, which is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company for FY2022. Please refer to the Company's announcements dated 28 June 2023 and 30 June 2023 for further details on the aforementioned disposal.

BY ORDER OF THE BOARD

CHU MING KIN
Executive Chairman and Chief Executive Officer
3 AUGUST 2023