

SINCAP GROUP LIMITED

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

Condensed Interim Consolidated Financial Statements For the six months ended 30 June (“1H”) 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (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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SINCAP GROUP LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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.

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

	Note	Group		Change Inc / (Dec) %
		1H2024 Unaudited RMB'000	1H2023 Unaudited RMB'000	
Revenue		-	-	N.A.
Cost of sales		-	-	N.A.
Gross profit		-	-	N.A.
Other income	10	258	93	177.4
Administrative expenses		(999)	(968)	3.2
Other expenses	6, 10	-	(5,738)	N.M.
Finance costs		(306)	(18)	N.M.
Loss before tax		(1,047)	(6,631)	(84.2)
Tax credit	11	-	41	N.M.
Loss for the period		(1,047)	(6,590)	(84.1)
Other comprehensive income/(loss):				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(245)	(363)	(32.5)
Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiaries	6	-	5,734	N.M.
Total comprehensive loss for the period		(1,292)	(1,219)	6.0
Loss attributable to:				
Equity holders of the Company		(1,047)	(6,590)	(84.1)
Non-controlling interests		*	*	N.M.
Loss for the period		(1,047)	(6,590)	(84.1)
Total comprehensive loss attributable to:				
Equity holders of the Company		(1,292)	(1,218)	6.1
Non-controlling interests		*	(1)	N.M.
Total comprehensive loss for the period		(1,292)	(1,219)	6.0
Loss per share				
Basic and diluted (RMB cents)	12	(0.06)	(0.39)	(84.6)

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	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		Unaudited RMB'000	Audited RMB'000	Unaudited RMB'000	Audited RMB'000
ASSETS					
Non-current asset					
Investments in subsidiaries	6	-	-	-	-
		-	-	-	-
Current assets					
Trade and other receivables	7	-	-	-	-
Cash and cash equivalents		288	71	288	71
		288	71	288	71
Total assets		288	71	288	71
LIABILITIES					
Non-current liability					
Borrowings	9	4,493	4,521	4,493	4,521
		4,493	4,521	4,493	4,521
Current liabilities					
Other payables	8	4,670	4,733	4,661	4,724
Borrowings	9	2,407	807	2,407	807
		7,077	5,540	7,068	5,531
Total liabilities		11,570	10,061	11,561	10,052
Net liabilities		(11,282)	(9,990)	(11,273)	(9,981)
EQUITY					
Capital and reserves					
Share capital	15	203,930	203,930	203,930	203,930
Accumulated losses		(206,368)	(205,321)	(207,570)	(206,523)
Currency translation reserve		(8,821)	(8,576)	(7,633)	(7,388)
Equity attributable to owners of the Company		(11,259)	(9,967)	(11,273)	(9,981)
Non-controlling interests		(23)	(23)	-	-
Total equity		(11,282)	(9,990)	(11,273)	(9,981)

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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>1H2023 (Unaudited)</u>						
Balance at 1 January 2023	203,930	(197,544)	(14,155)	(7,769)	(22)	(7,791)
Loss for the period	-	(6,590)	-	(6,590)	-	(6,590)
<i>Other comprehensive (loss)/income:</i>						
– Currency translation differences arising on consolidation	-	-	(362)	(362)	(1)	(363)
– Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiaries (Note 6)	-	-	5,734	5,734	-	5,734
Total comprehensive (loss)/income for the period	-	(6,590)	5,372	(1,218)	(1)	(1,219)
Balance at 30 June 2023	203,930	(204,134)	(8,783)	(8,987)	(23)	(9,010)
<u>1H2024 (Unaudited)</u>						
Balance at 1 January 2024	203,930	(205,321)	(8,576)	(9,967)	(23)	(9,990)
Loss for the period	-	(1,047)	-	(1,047)	*	(1,047)
<i>Other comprehensive loss:</i>						
– Currency translation differences arising on consolidation	-	-	(245)	(245)	*	(245)
Total comprehensive loss for the period	-	(1,047)	(245)	(1,292)	*	(1,292)
Balance at 30 June 2024	203,930	(206,368)	(8,821)	(11,259)	(23)	(11,282)

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share capital	Accumulated	Currency	Total equity
<u>1H2023 (Unaudited)</u>	RMB'000	losses	translation	RMB'000
Balance at 1 January 2023	203,930	(204,697)	(7,225)	(7,992)
Loss for the period	-	(392)	-	(392)
<i>Other comprehensive loss:</i>				
– Currency translation differences arising from translation into presentation currency	-	-	(356)	(356)
Total comprehensive loss for the period	-	(392)	(356)	(748)
Balance at 30 June 2023	203,930	(205,089)	(7,581)	(8,740)
<u>1H2024 (Unaudited)</u>				
Balance at 1 January 2024	203,930	(206,523)	(7,388)	(9,981)
Loss for the period	-	(1,047)	-	(1,047)
<i>Other comprehensive loss:</i>				
– Currency translation differences arising from translation into presentation currency	-	-	(245)	(245)
Total comprehensive loss for the period	-	(1,047)	(245)	(1,292)
Balance at 30 June 2024	203,930	(207,570)	(7,633)	(11,273)

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		1H2024 Unaudited RMB'000	1H2023 Unaudited RMB'000
Cash flows from operating activities			
Loss before tax		(1,047)	(6,631)
Adjustments for:			
Foreign exchange gain, net	10	(258)	(63)
Interest expense		306	18
Loss on disposal of subsidiaries	6	-	5,738
Payables written off	10	-	(30)
Operating cash flows before working capital changes		(999)	(968)
Changes in receivables		-	32
Changes in payables		(191)	296
Changes in currency translation adjustments		82	39
Cash used in operations		(1,108)	(601)
Income tax refunded		-	41
Net cash used in operating activities		(1,108)	(560)
Cash flows from investing activity			
Net cash outflow from disposal of subsidiaries	6	-	(4)
Net cash used in investing activity		-	(4)
Cash flows from financing activities			
Interest paid		(290)	-
Proceeds from borrowings		1,612	-
Repayment of loan obtained from a director		-	(323)
Net cash from/(used in) financing activities		1,322	(323)
Net increase/(decrease) in cash and cash equivalents		214	(887)
Cash and cash equivalents at beginning of the financial period		71	917
Effects of exchange rate changes on cash and cash equivalents		3	6
Cash and cash equivalents at end of the financial period		288	36

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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 listed on the Catalist board of the SGX-ST. The shares of the Company have been suspended since 4 May 2021, more details of which can be found in the Company’s announcement dated 3 May 2021.

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 the six months ended 30 June 2024. As announced by the Company on 22 May 2022, the Company has been deemed a "cash company" under the Rule 1017 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the SGX-ST.

These condensed interim consolidated financial statements for 1H2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

2. Basis of preparation

The condensed interim consolidated financial statements for 1H2024 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 annual financial statements for the financial year ended 31 December 2023.

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 below.

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.

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2.1. New and amended standards adopted by the Group

The Group and the Company adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations and effective for annual periods beginning on or after 1 January 2024, where applicable. The adoption of these new/revised SFRS(I)s pronouncements is not expected to have any significant effect on the 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 expenses. 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 annual financial statements as at and for the financial year ended 31 December 2023.

2.3. Material Uncertainty Related to Going Concern

For 1H2024, the Group and the Company reported the following:

	Group	Company
	Unaudited	Unaudited
	RMB'000	RMB'000
Loss for the period	(1,047)	(1,047)
Net current liabilities	(6,789)	(6,780)
Negative equity	(11,282)	(11,273)
Net cash used in operating activities	(1,108)	(1,108)

As updated by the Company via several SGX announcements¹, in the annual reports for the financial years ended 31 December ("FY") 2020, 2021, 2022 and 2023, 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 coal trading business. During FY2021, FY2022, FY2023 and 1H2024, the Group did not have any revenue-generating activities despite efforts from the management.

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

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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 2023. 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.

3. Seasonal operations

Not applicable. The Company did not generate any revenue for 1H2024 and has been deemed a cash company since May 2021.

4. Segment and revenue information

The Company did not generate any revenue for 1H2024 and has been deemed a cash company since May 2021. As a result, there is no segment information for 1H2024.

5. Plant and equipment

The Group did not acquire or dispose of any assets (including plant and equipment) for 1H2024 (FY2023: Nil).

6. Investments in subsidiaries

	Company	
	30.06.2024	31.12.2023
	Unaudited	Audited
	RMB’000	RMB’000
<i><u>Unquoted equity shares at cost</u></i>		
At beginning of the financial period	120,543	179,355
Disposal	-	(63,863)
Currency translation differences	2,890	5,051
At end of the financial period	123,433	120,543
<i><u>Accumulated impairment</u></i>		
At beginning of the financial period	120,543	179,355
Disposal	-	(63,863)
Currency translation differences	2,890	5,051
At end of the financial period	123,433	120,543

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	<u>Company</u>	
	30.06.2024	31.12.2023
	Unaudited	Audited
	RMB'000	RMB'000
<u>Carrying amount</u>		
At beginning of the financial period	-	-
At end of the financial period	-	-

Note:

DISPOSAL OF 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. and Sincap Properties Pte. Ltd. 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>
	Audited
	RMB'000
<u>As at 30 June 2023</u>	
Net asset of the subsidiaries disposed, comprised cash and cash equivalents	4
Reclassification of foreign currency translation reserve to profit and loss on disposal of subsidiaries	5,734
	5,738
Cash proceeds received from disposal of subsidiaries	*
Loss on disposal of subsidiaries	5,738
<u>Effect of cash flows</u>	
Cash proceeds received	*
Less: Cash and cash equivalents in subsidiaries disposed of	(4)
Net cash outflows arising from disposal of subsidiaries	(4)

*: less than RMB1,000

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7. Trade and other receivables

	Note	Group		Company	
		30.06.2024 Unaudited RMB'000	31.12.2023 Audited RMB'000	30.06.2024 Unaudited RMB'000	31.12.2023 Audited RMB'000
Trade receivable - third party		30,968	30,243	-	-
Trade receivable - related party	(a)	186,124	181,765	-	-
		<u>217,092</u>	<u>212,008</u>	<u>-</u>	<u>-</u>
Other receivables - related party	(a)	1,144	1,117	-	-
Amounts due from a subsidiary	(b)	-	-	64,231	63,908
		<u>218,236</u>	<u>213,125</u>	<u>64,231</u>	<u>63,908</u>
Less: Allowance for expected credit loss		<u>(218,236)</u>	<u>(213,125)</u>	<u>(64,231)</u>	<u>(63,908)</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movement in loss allowance during the period are as follows:

	Group		Company	
	30.06.2024 Unaudited RMB'000	31.12.2023 Audited RMB'000	30.06.2024 Unaudited RMB'000	31.12.2023 Audited RMB'000
At beginning of the financial period	213,125	208,828	63,908	62,307
Reversal	-	-	-	(457)
Currency translation differences	5,111	4,297	323	2,058
At end of the financial period	<u>218,236</u>	<u>213,125</u>	<u>64,231</u>	<u>63,908</u>

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Note:

- (a) Trade receivables from a related party comprised USD25.6 million (equivalent to RMB186.1 million) (FY2023: USD25.6 million (equivalent to RMB181.8 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. As detailed in the “Allowance for expected credit loss” as set out in the results announcement for FY2021, the Company had recorded the financial impacts that arose from accounting for full impairment of the trade receivables in FY2021 having considered the key underlying basis adopted in the independent valuation report prepared by Win Bailey Valuation and Advisory Limited in accordance with International Financial Reporting Standard 9 – Financial Instruments.

Other receivables from a related party comprised USD0.2 million (equivalent to RMB1.1 million) (FY2023: USD0.2 million (equivalent to RMB1.1 million)) interest receivable from Artwell which was previously charged by Orion Energy Resources Pte. Ltd., a 99.97% direct owned subsidiary, 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 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. Consequently, no interest income was recognised in 1H2024 and 1H2023.

- (b) Amounts due from a subsidiary are non-trade, unsecured, interest-free and repayable on demand, except for an amount of SGD7.5 million (equivalent to RMB39.9 million) (FY2023: SGD7.5 million (equivalent to RMB40.2 million)), which bears interest at 7% (FY2023: 7%) per annum. The Company has waived the interest income from the subsidiary since 2020. Consequently, no interest income was recognised in 1H2024 and 1H2023.

8. Other payables

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	Unaudited	Audited	Unaudited	Audited
	RMB’000	RMB’000	RMB’000	RMB’000
Other payables to third parties	2,962	2,895	2,953	2,886
Accrued operating expenses	1,708	1,838	1,708	1,838
	4,670	4,733	4,661	4,724

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9. Borrowings

	Note	Group		Company	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		Unaudited RMB'000	Audited RMB'000	Unaudited RMB'000	Audited RMB'000
Non-current					
<i>Unsecured</i>					
Loans from a director	(a)	4,493	4,521	4,493	4,521
Current					
<i>Unsecured</i>					
Loans from a third party	(b)	2,407	807	2,407	807
		<u>6,900</u>	<u>5,328</u>	<u>6,900</u>	<u>5,328</u>

Notes:

- (a) The loans from a director are interest-free and are not repayable within 12 months after the reporting period.
- (b) The loans from a third party, representing short-term loans obtained from the Professional Investor, bear an interest of 18% per annum and are repayable within 12 months from the date of each disbursement.

10. Loss before tax

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

	Group	
	1H2024 Unaudited RMB'000	1H2023 Unaudited RMB'000
<u>Other income</u>		
Payables written off	-	(30)
Foreign exchange gain, net	(258)	(63)
	<u>-</u>	<u>(63)</u>
<u>Other expenses</u>		
Loss on disposal of subsidiaries	-	5,738
	<u>-</u>	<u>5,738</u>

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11. Tax 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 credit in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H2024	1H2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Current tax credit		
Overprovision in prior periods	-	41

12. Loss per share

	Group	
	1H2024	1H2023
	Unaudited	Unaudited
	RMB cents	RMB cents
Basic and fully diluted basis	(0.06)	(0.39)

Basic and diluted loss per share for the six months ended 30 June 2024 and 30 June 2023 was calculated based on total weighted average number of shares of 1,701,000,410. There were no potentially dilutive shares during the periods reported on.

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13. Significant related party transactions

Other than disclosed elsewhere in these condensed interim consolidated financial statements, the following related party transactions took place between the Group and related parties during the financial period on terms agreed by the parties concerned:

	Group	
	1H2024	1H2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Cash proceeds received from disposal of subsidiaries to a director	-	*
Repayment of loan obtained from a director	-	(323)

* : less than RMB1,000

14. Net liabilities value

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	Unaudited	Audited	Unaudited	Audited
	RMB cents	RMB cents	RMB cents	RMB cents
Net liabilities value per ordinary share	(0.66)	(0.59)	(0.66)	(0.59)

Net liabilities value per share at the end of the current financial period reported on and the immediately preceding financial year was calculated based on total issued shares of 1,701,000,410.

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15. Share capital

	Group and Company			
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	Unaudited	Audited	Unaudited	Audited
	Number of shares ('000)		RMB'000	
At beginning and end of financial period	1,701,000	1,701,000	203,930	203,930

The Company does not hold any treasury shares in the Company as at 30 June 2024 and 31 December 2023.

The Company's subsidiary does not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

There were no outstanding options, convertibles held by the Company as at 30 June 2024 and 31 December 2023.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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 30 June 2024 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 six months period then ended and explanatory notes have not been audited or reviewed.

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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 15 April 2024 released its annual report for FY2023 (the “**Annual Report 2023**”) and had on 12 April 2024 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 Disclaimer of Opinion” of the Company’s independent auditor’s report dated 11 April 2024. Specifically, the audit issues (as disclosed in the Annual Report 2023) on which the disclaimer opinion was issued by the Group’s independent auditor (the “**Auditor**”) in relation to the Group’s audited financial statements for FY2023 relating to the use of going concern assumptions.

The Auditor stated in the auditor’s report for the financial year ended 31 December 2023 that *“We however noted that as at the date of this report, the Company had not fulfilled certain key conditions precedent to the Proposed Investments with the Professional Investor, there had not been significant updates to the Proposed Reorganisation, 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 favour 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 SGD450,000 (equivalent

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to RMB2.4 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.

(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 2023 (where the Company disclosed its judgements on the going concern assumptions on pages 76 to 78); 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 FY2023 have been adequately disclosed as at the date of this announcement.

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 Note 3 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 2023.

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 2024. 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 SGX announcements, including the Annual Report 2023, 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 period 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 1H2024.

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

Other income

Other income increased by RMB0.2 million from RMB0.1 million in 1H2023 to RMB0.3 million in 1H2024 mainly due to foreign exchange differences resulting from the appreciation of the Company's functional currency against its SGD-denominated liabilities.

Administrative expenses

Mainly comprised corporate expenses including statutory and compliance expenses and various professional fees. Administrative expenses remain relatively constant at RMB1.0 million in 1H2024 as compared to RMB0.97 million in 1H2023.

Other expenses

There were no other expenses recorded in 1H2024 whereas other expenses in 1H2023 of RMB5.7 million pertain to one-off reclassification of foreign currency translation reserve from other comprehensive income to profit or loss upon disposal of subsidiaries.

Finance cost

Finance costs increased by approximately RMB0.3 million in 1H2024 due mainly to interest expense incurred for short-term loans from the Professional Investor.

(b) Condensed Interim Statements of Financial Position

Total Assets

Total assets, comprise cash at bank, increased by RMB0.2 million from RMB0.1 million as at 31 December 2023 to RMB0.3 million as at 30 June 2024 mainly due to net cash from financing activities of RMB1.3 million, primarily from additional drawdowns of short-term loan provided by the Professional Investor, partially offset by net cash used in operations amounting to RMB 1.1 million for payments of corporate expenses including compliance expenses and various professional fees.

Total Liabilities

Total liabilities increased by RMB1.5 million from RMB10.1 million as at 31 December 2023 to RMB11.6 million as at 30 June 2024, due mainly to:

Other payables

Other payables mainly comprised amounts payable or accrued for professional services, other operating expenses and director fees, remained relatively constant at RMB4.7 million as at 30 June 2024 and 31 December 2023.

Borrowings

Total borrowings increased by RMB1.6 million from RMB5.3 million as at 31 December 2023 to RMB6.9 million as at 30 June 2024 mainly due to additional drawdowns of the short-term loan provided by the Professional Investor.

(c) Condensed Interim Consolidated Statement of Cash Flows

The cash and cash equivalents increased by RMB0.2 million in 1H2024 mainly due to net cash used in operating activities of RMB1.1 million for payments of corporate expenses including statutory and compliance expenses and various professional fees; and offset by net cash from financing activities of RMB1.3 million mainly from additional drawdowns of short-term loan provided by the Professional Investor.

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 SGX announcements² and in the Annual Report 2023 that:

- (a) 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 since FY2021, 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;
- (b) The Company has taken steps and made significant progress since its trading suspension on 4 May 2021, including but not limited to: (i) 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 reverse takeover ("**RTO**") targets, including the investment parameters for the potential RTO; (ii) addressing existing issues pertaining to Company's compliance with Catalist Rules under the guidance of the Professional Investor including most recently the holding and conclusion of its annual general meeting ("**AGM**") for FY2023 on 30 April 2024 and the release of its FY2023 annual report on 15 April 2024, within the stipulated deadline in compliance with Catalist Rules 707(1) and 707(2); and (iii) the appointment of SAC Capital Private Limited ("**SAC**") to seek pre-clearance from the SGX-ST in relation to the potential RTO;
- (c) As highlighted in Section F Note 1A(a)(B), the Company has entered into the Loan Agreement with the Professional Investor for a temporary loan facility of up to SGD500,000 (equivalent to RMB2.7 million) to meet working capital requirements of the Group from time to time, considering that 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;
- (d) The Company, under the guidance of the Professional Investor, remains committed to finding a viable RTO target and has deployed resources in conducting preliminary due diligence on several targets. In the course of its search and discussions with potential targets, there had been gaps to manage for expected valuations and fund-raising capacity amidst the prevailing

² Please refer to the Company's announcements dated 22 May 2022, 12 August 2022, 26 December 2023, 12 April 2024, 27 May 2024 and 28 May 2024.

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market conditions, as previously disclosed. The Company had updated Shareholders as well in its recent AGM; and

- (e) While cognisant of the timeframe to submit a resumption of trading proposal, it remains a priority for the Company to assess comprehensively, the commercial and financial feasibility of the targets and its business, taking into consideration assets quality, financials, industry outlook, deal structures, fund raising requirements, valuation expectations and other relevant factors. The Company, together with the Professional Investor and SAC, are still in the midst of assessing the various targets and taking a measured approach to ensure that any proposed transaction to be undertaken will eventually maximise value and returns for shareholders.

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. The Company will continue to provide shareholders with further details and updates in due course.

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.

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- 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 period under review 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 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.

- 10. 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.

- 11. Negative confirmation on interim financial results under Rule 705(5) of the Listing Manual**

On behalf of the Board, we the undersigned, hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the six months ended 30 June 2024 to be false or misleading in any material aspect.

- 12. Disclosure pursuant to Rule 706A of the Catalist Rules**

There was no acquisition or sale of shares by the Company in 1H2024 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

CHU MING KIN

Executive Chairman and Chief Executive Officer

TAY BOON ZHUAN

Chairman of Audit & Risk Committee

14 August 2024