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**") 2021

*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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SINCAP GROUP LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

		Group		
	Notes	FY2021 Unaudited RMB'000	FY2020 Audited RMB'000	Change Inc / (Dec) %
Revenue		-	24,553	N.M.
Cost of sales		-	(23,279)	N.M.
Gross profit		-	1,274	N.M.
Other income	10	2,019	-	N.A.
Interest income	10	-	1,086	N.M.
Allowance for expected credit loss		(192,468)	(1,086)	N.M.
Reversal of allowance for expected credit loss		2,719	-	N.A.
Administrative expenses	10	(960)	(19,262)	(95.0)
Finance costs		(193)	(229)	(15.7)
Other expenses	10	(3,703)	(844)	338.7
Loss before tax		(192,586)	(19,061)	910.4
Tax credit		66	960	(93.1)
Loss for the financial year, net of tax		(192,520)	(18,101)	963.6
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		(3,553)	(12,583)	(71.8)
Total comprehensive loss for the financial year		(196,073)	(30,684)	539.0
Loss attributable to:				
Owners of the Company		(192,459)	(18,101)	963.3
Non-controlling interests		(61)	*	(100.0)
		(192,520)	(18,101)	963.6
Total comprehensive loss attributable to:				
Owners of the Company		(196,011)	(30,681)	538.9
Non-controlling interests		(62)	(3)	N.M.
		(196,073)	(30,684)	539.0
Loss per share for loss attributable to equity holders of the Company (RMB cents per share)				
Basic and diluted	13	(11.32)	(1.06)	967.9

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	
		31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000
Non-current assets					
Plant and equipment	5	-	259	-	259
Investments in subsidiaries	6	-	-	-	129,664
		-	259	-	129,923
Current assets					
Trade and other receivables	7	4,651	204,632	-	58,704
Cash and cash equivalents		526	930	8	279
		5,177	205,562	8	58,983
Total assets		5,177	205,821	8	188,906
Non-current liability					
Borrowings	9	1,659	1,793	899	1,014
Current liabilities					
Trade and other payables	8	3,482	7,160	26,919	27,631
Contract liabilities		-	51	-	-
Borrowings	9	5,875	6,506	5,875	6,506
Income tax payable		-	77	-	69
		9,357	13,794	32,794	34,206
Total liabilities		11,016	15,587	33,693	35,220
Net assets/(liabilities)		(5,839)	190,234	(33,685)	153,686
Equity					
Share capital	15	203,930	203,930	203,930	203,930
Accumulated losses		(196,180)	(3,721)	(232,661)	(47,016)
Currency translation reserve		(13,569)	(10,017)	(4,954)	(3,228)
Equity attributable to owners of the Company		(5,819)	190,192	(33,685)	153,686
Non-controlling interests		(20)	42	-	-
Total equity		(5,839)	190,234	(33,685)	153,686

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Accumulated profits /(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						
FY2020 (Audited)						
Balance at 1 January 2020	203,930	14,380	2,563	220,873	45	220,918
Loss for the financial year	-	(18,101)	-	(18,101)	*	(18,101)
Other comprehensive loss:						
– Currency translation differences arising on consolidation	-	-	(12,580)	(12,580)	(3)	(12,583)
Total comprehensive loss for the financial year	-	(18,101)	(12,580)	(30,681)	(3)	(30,684)
Balance at 31 December 2020	203,930	(3,721)	(10,017)	190,192	42	190,234
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)

* : less than RMB1,000

	Share capital RMB'000	Accumulated losses RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
The Company				
FY2020 (Audited)				
Balance at 1 January 2020	203,930	(42,129)	7,291	169,092
Loss for the financial year	-	(4,887)	-	(4,887)
Other comprehensive income:				
– Currency translation differences arising on consolidation	-	-	(10,519)	(10,519)
Total comprehensive loss for the financial year	-	(4,887)	(10,519)	(15,406)
Balance at 31 December 2020	203,930	(47,016)	(3,228)	153,686
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)

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 31.12.2021 Unaudited RMB'000	Group 31.12.2020 Audited RMB'000
Cash flows from operating activities			
Loss before tax		(192,586)	(19,061)
Adjustments for:			
Allowance for expected credit loss	7	192,468	1,086
Depreciation of plant and equipment		-	209
Foreign exchange loss/(gain), net		(978)	844
Interest expense		193	229
Interest income		-	(1,086)
Impairment loss on goodwill		-	13,787
Payables written off		(1,001)	-
Plant and equipment written off, net		(40)	-
Reversal of allowance for expected credit loss	7	(2,719)	-
Receivables written off		3,703	-
Operating cash flows before working capital changes		(960)	(3,992)
Decrease in receivables		-	32,287
Increase/(Decrease) in payables		1,388	(31,056)
Currency translation adjustments		(806)	1,489
Cash used in operations		(378)	(1,272)
Income tax paid		-	(800)
Net cash used in operating activities		(378)	(2,072)
Cash flows from investing activities			
Purchase of plant and equipment	5	-	(18)
Net cash used in investing activities		**-**	(18)
Cash flows from financing activities			
Interest paid		-	(229)
Repayment of lease liabilities		-	(186)
Repayment of a bond payable		-	(6,651)
Proceeds from loans from a director		-	1,802
Net cash used in financing activities		**-**	(5,264)
Net decrease in cash and cash equivalents		(378)	(7,354)
Cash and cash equivalents at beginning of financial year		930	8,426
Effects of currency translation on cash and cash equivalents		(26)	(142)
Cash and cash equivalents at end of financial year		526	930

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 2021 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 FY2021. 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 2021 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 audited financial statements for the year ended 31 December 2020.

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 2021.

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 2021, 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 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 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 audited consolidated financial statements as at and for the financial year ended 31 December 2020.

2.3. Material Uncertainty Related to Going Concern

For FY2021, the Group and the Company reported the following:

	Group	Company
	Unaudited	**Audited**
	RMB'000	**RMB'000**
Loss for the financial year, net of tax	(192,520)	(185,645)
Net current liabilities	(4,180)	(32,786)
Negative equity	(5,839)	(33,685)
Net cash used in operating activities	(378)	(264)

As updated by the Company via several SGX announcements[1] and in the annual report for the financial year ended 31 December 2020 (the "**AR2020**"), the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions. During FY2021, 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's severe cash-flow issues. The Group had since discontinued its trading business.

Having considered the Company's existing position under the current pressing situation, the Company had initiated 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

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

(ii) entering into a deed on 15 December 2022 (the "**Deed**") to fully and finally settle all amounts outstanding under the Bond (as defined below) 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**"). 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. 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 ended 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 (the "**Debt Restructuring Announcement**"). As a further update, the Company has met its repayment obligations to Mr. Chu in relation to the Initial 10% (as defined in the Debt Restructuring Announcement) in accordance with the Deed.

Taking into consideration of the above, the Group has prepared a cash flow projection which cover 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 FY2021 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 FY2021 and has been deemed a cash company since May 2021.

4. Segment and revenue information

The Company did not generate any revenue for FY2021 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2021. Please refer to AR2020 on pages 116 to 119 for segment information for FY2020.

5. Plant and equipment

The Group did not acquire or dispose any plant and equipment during FY2021 (FY2020: addition of RMB18,000).

6. Investments in subsidiaries

	Company	
	31.12.2021	**31.12.2020**
	Unaudited	**Audited**
	RMB'000	**RMB'000**
Unquoted equity shares at cost		
At beginning of the year	168,471	179,939
Currency translation differences	(4,090)	(11,468)
	164,381	168,471
Less: Allowance for impairment losses*	(164,381)	(38,807)
At end of the year	-	129,664

Movements in allowance for impairment losses are as follows:

	Company	
	31.12.2021	**31.12.2020**
	Unaudited	**Audited**
	RMB'000	**RMB'000**
At beginning of the year	38,807	41,396
Allowance made	127,898	49
Currency translation differences	(2,324)	(2,638)
At end of the year	164,381	38,807

Impairment assessment of the Company's investments in subsidiaries

*Orion Energy Resources Pte. Ltd. ("**Orion**")*

During the financial year, management performed an impairment test on the Company's investment in Orion. The recoverable amount of the investment in Orion was determined based on a value-in-use approach. As Orion had ceased its operations during the financial year under review, it did not generate any revenue for FY2021 and it is also not expected to generate any revenue and profit in the foreseeable future. In FY2021, Orion had also recorded an allowance for expected credit loss on trade receivables of RMB192.5 million *(please refer to Section F of Paragraph 4(a) for further details)*. On such basis, the value-in-use for Orion was expected to be Nil as at 31 December 2021 and thus, the Company had recorded a full impairment in relation to its investment in Orion, amounting to RMB109.4 million (FY2020: Nil) for FY2021.

*Sincap Australia Pte. Ltd. ("**Sincap AU**")*

During the financial year, management performed an impairment test on the Company's investment in Sincap AU. Sincap AU had been dormant for the past few financial years and the management had further assessed that it is not expected to generate any profit in the foreseeable future. On such basis, the Company had recorded a full impairment in relation to its investment in Sincap AU, amounting to RMB18.5 million (FY2020: Nil) for FY2021.

7. Trade and other receivables

	Note	Group		Company	
		31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000
Trade receivables from a third party		27,159	27,835	-	-
Trade receivables from a related party	(a)	163,230	167,292	-	-
		190,389	195,127	-	-
Other receivables from third parties	(b)	10,679	11,678	-	-
Other receivables from a related party	(a)	1,003	1,028	-	-
Other receivables from subsidiaries	(c)	-	-	56,424	58,637
Advance to suppliers		-	7,149	-	-
Deposits		-	67	-	67
		202,071	215,049	56,424	58,704
Less: Allowance for impairment		(197,420)	(10,417)	(56,424)	-
At end of the year		4,651	204,632	-	58,704

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

	Group		Company	
	31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000
At beginning of the year	10,417	9,122	-	-
Allowance made	192,468	1,086	-	-
Reversal	(2,719)	-	-	-
Currency translation differences	(2,746)	209	-	-
At end of the year	197,420	10,417	-	-

Notes:

(a) Trade receivables from a related party comprised USD25.6 million (equivalent to RMB163.2 million) (FY2020: USD25.6 million (equivalent to RMB167.3)) owing by Artwell Minerals Resources Co., Ltd ("**Artwell**"), a company solely owned by the brother of the CEO.

Please refer to Section F of Paragraph 4(a) "Allowance for expected credit loss" for details of impairment assessment for trade receivables.

Other receivables from a related party comprised USD0.2 million (equivalent to RMB1.0 million) (FY2020: 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) Other receivables included an unsecured loan of AUD2.3 million (equivalent to RMB10.7 million) extended by a subsidiary, SCL Murray Pty Ltd, to Richardson 1 Pty Ltd ("**Richardson Loan**") with an interest of 7% per annum. The net carrying value for the Richardson Loan was AUD0.4 million (equivalent to RMB2.0 million) as at 31 December 2021 net of accumulated impairment loss of AUD1.9 million (equivalent to RMB8.6 million).

As announced by the Company on 29 April 2022, an amount of AUD1.0 million (equivalent to RMB4.6 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 and service fees. As a result, the Group recorded a reversal of allowance for expected credit loss of AUD0.6 million (equivalent to RMB2.7 million, inclusive of currency translation differences) in FY2021.

(c) Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of RMB35.1 million (FY2020: RMB36.8 million), which bears interest at 7% (FY2020: 7%) per annum. The Company has waived the interest income from the subsidiary since FY2020 and thus no interest income was recognised for FY2021.

8. Trade and other payables

	Note	Group		Company	
		31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000
Trade payables to third party		-	3,462	-	-
Other payables to third party		2,080	-	1,869	-
Accrued operating expenses		1,402	3,698	1,195	2,689
Amounts due to subsidiaries	(a)	-	-	23,855	24,942
		3,482	7,160	26,919	27,631

Note:

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

9. Borrowings

	Notes	Group		Company	
		31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000	31.12.2021 Unaudited RMB'000	31.12.2020 Audited RMB'000
Current					
Loan from a third party	(a)	-	322	-	322
Bond	(b)	5,875	5,956	5,875	5,956
Lease liabilities		-	228	-	228
		5,875	6,506	5,875	6,506
Non-current					
Loans from a director	(c)	1,659	1,721	899	942
Lease liabilities		-	72	-	72
		1,659	1,793	899	1,014
		7,534	8,299	6,774	7,520

Notes:

(a) As at 31 December 2020, the unsecured term loan of approximately RMB0.3 million, which was interest-free and repayable on demand, has exceeded the legal statute of limitations for collection. Therefore, the loan was fully written off in 2021.

(b) On 19 December 2018, the Company issued bond with a principal amount of SGD12.0 million (equivalent to RMB56.6 million), as consideration for the acquisition of additional interest in Orion ("**Bond**"). The Bond bears interest at 5% per annum and the maturity date was 19 December 2021, and the Bond may 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 RMB3.0 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 for further details.

(c) The loans from a director are unsecured, interest-free and is not expected to be repayable within next 12 months from the financial year ended 31 December 2021.

10. Loss before tax

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

	Group	
	FY2021 Unaudited RMB'000	**FY2020 Audited RMB'000**
Other income		
Foreign exchange gain, net	(978)	–
Interest income	–	(1,086)
Plant and equipment written off, net	(40)	–
Payables written off	(1,001)	–
Other expenses		
Foreign exchange loss, net	–	844
Receivables written off	3,703	–
Administrative expenses		
Depreciation of plant and equipment	–	209
Impairment loss on goodwill	–	13,787
Allowance for expected credit loss	192,468	1,086
Reversal of allowance for expected credit loss	(2,719)	–

11. Material related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim consolidated financial statements.

12. 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	
	FY2021 Unaudited RMB'000	**FY2020 Audited RMB'000**
Tax (credit)/expenses attributable to loss is made up of:		
Current year	-	3
Prior year	(66)	(963)
	(66)	(960)

13. Loss per share

	Group	
	Unaudited FY2021 RMB cents	**Audited FY2020 RMB cents**
Basic and fully diluted basis	(11.32)	(1.06)

Basic and fully diluted loss per share for FY2021 and FY2020 was calculated based on total weighted average number of shares of 1,701,000,410.

14. Net assets/(liabilities) value

	Group		Company	
	31.12.2021 Unaudited RMB cents	**31.12.2020 Audited RMB cents**	**31.12.2021 Unaudited RMB cents**	**31.12.2020 Audited RMB cents**
Net assets/(liabilities) value per ordinary share	(0.34)	11.18	(1.98)	9.04

Net assets/(liabilities) value per share as at 31 December 2021 and 2020 was calculated based on total number of issued shares of 1,701,000,410.

15. Share capital

	Group and Company			
	31.12.2021 Unaudited	31.12.2020 Audited	31.12.2021 Unaudited	31.12.2020 Audited
	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 2021 and 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 2020.

There were no outstanding options, convertibles held by the Company as at 31 December 2021 and 2020.

16. Subsequent events

Voluntary Deregistration of a Dormant Subsidiary

The Company has voluntarily 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 FY2021. Please refer to the Company's announcement dated 6 March 2023 for further details.

Cancellation of the Bond via Internal Debt Restructuring

Please refer to Section E Note 2.3(i) and Note 9(b) 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 constitutes amounts owing and payable by the Company to the CEO, and the loan is on an unsecured and interest-free basis.

Settlement of Richardson Loan

Please refer to Section E Note 7(b) above for details.

Saved as disclosed in this announcement, there are no other known subsequent events (after 31 December 2021) which have led to material adjustments to this condensed interim consolidated financial statements for FY2021.

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

1. Review

The condensed interim statement of financial position of the Company and the Group as at 31 December 2021 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:

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 in FY2020

The Company had on 21 December 2022, released AR2020 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*
Please refer to details of "Allowance for expected credit loss" as set out on Pages 20 to 22 of this announcement that the Company has recorded the financial impacts 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(b) 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), the loan of which is on an unsecured and interest-free basis.

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

Please refer to Section E Note 6 above for details of investments in subsidiaries. During the financial year under review, management performed an impairment test on the Company's investment in Orion and Sincap AU. On the basis as disclosed therein, the Company had recorded a full impairment in relation to its cost of investment in Orion and Sincap AU in FY2021.

(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 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); and (ii) 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 FY2021 have been adequately disclosed as at the date of this announcement.

Upon completion of the audit for FY2021, 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, 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 Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations of Financial Reporting Standards ("**INT FRS**") that are mandatory for the accounting periods beginning on or after 1 January 2021. 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

FY2021

As updated by the Company via several SGX announcements and in AR2020, the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions during FY2021. During the year under review, the Group did not have any revenue-generating activities despite efforts from the management, consequently the Group did not record any revenue, gross profit and operating profits. The downturn in the Group's trading business, coupled with certain non-performing receivables, had resulted in the Group facing severe cash-flow issues.

Other income

Mainly comprised (i) RMB1.0 million gain on settlement of payables as actual payment obligations were lower than the accrued liabilities; and (ii) a foreign currency gain of RMB0.9 million.

Interest income

Interest income recorded in FY2020 comprised 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 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 after FY2020. As such, no interest income was recorded in FY2021.

Allowance for expected credit loss

Comprised allowance for expected credit loss on trade receivables of RMB192.5 million for FY2021 as compared to RMB1.1 million for FY2020.

The Group had previously disclosed the basis of its assessment for impairment of trade receivables in page 6 of AR2020 under "Group Financial Highlights" that no impairment of trade receivables was made for FY2020. The Group has further disclosed that:

"*Notwithstanding the above and given the recent challenging operating environment, the Group has reasonable ground to believe that the risk of expected credit loss for the trade receivables as at 31 December 2020 has increased substantially as at the date of this Annual Report, which may require the Group to evaluate potential legal actions and reassess the need for impairment.*

As a result, the Group has engaged Chevalier Law LLP to issue a letter of demand on 26 October 2022 (the "Latest Letter of Demand"), claiming the full amount of the trade receivables as none of the terms previously proposed by Artwell under the Proposed Scheduled Payment have materialised. The management has, following the issuance of the Latest Letter of Demand, requested Artwell to evaluate and re-propose a repayment schedule as both parties understand that many industries, including the trading businesses, have been severely affected by the major supply chain disruption triggered by the COVID-19 pandemic. Whilst the management is still unsure if the Latest Letter of Demand will lead to any constructive discussions on revised repayment terms as of the date of this Annual Report, the management is hopeful of receiving a revised payment proposal from Artwell.

As the negotiation process entails evaluating and discussing several commercial factors which may take longer-than-expected time, the Group is thus not able to assess if partial and full impairment of the trade receivables would be appropriate for the financial year ended 31 December 2020 as at the date of this Annual Report. As such, the Company has continued to uphold the decision not to provide any impairment loss on the trade receivables as at 31 December 2020 despite the fact that the risk of expected credit loss has increased, as explained in the above.

Under such circumstances, the management will continue to follow up closely with Artwell and shall, based on the potential outcomes of the negotiations which may arise following the issuance of the Latest Letter of Demand, reassess the appropriateness of partial or full impairment of the trade receivables as at 31 December 2021. If there is any concrete evidence that induces the management to reasonably believe that such impairment loss is required, the Group will record the financial effects in the financial year ended 31 December 2021."

The Company has recently sought legal advice in relation to the process of initiating further legal actions, including serving of statutory demand in accordance with Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong), against Artwell claiming the full receivable amount of USD25.6 million in the event that Company does not receive any revised payment proposals and / or constructive replies from Artwell by 31 May 2023. The Company will provide updates of the legal process in due course.

The Company had also issued a letter of demand to its trade debtor, namely Supreme Luck Enterprise Limited ("**Supreme Luck**") on 26 October 2022 claiming the full amount owing of USD4.3 million. Following which, the CEO had previously communicated with Supreme Luck for payment proposals but had been updated that Supreme Luck had ceased its operations over the last two (2) years due to Covid-19 related supply chain disruption which had affected most of its trading industry. The Company had also tried to search for the latest financial information of Supreme Luck but was unable to do so. Following which, the Company is considering its options and has approached a local debt collection agent and will also consult its legal counsel in evaluating the feasibility of filing a winding-up petition against Supreme Luck in due course.

For accounting reference and financial reporting purposes, Orion had appointed an independent valuer, WBVA, to conduct an expected credit loss ("**ECL**") assessment in accordance with IFRS9. IFRS9 defines ECL as "weighted average of credit losses with the respective risks of a default occurring as the weights". On such basis, WBVA has adopted the standard ECL formula which makes references to the probability-weighted loss default ("**PLD**") model. The PLD model involves assessment of ECL based on (i) probability of default; (ii) loss given default; (iii) exposure at default; and (iv) discount factor within a specific period. WBVA has also highlighted (i) the risks arising from lack of security and collateral and (ii) the persistent nature of the debtors' inability to fulfil their obligations and their unfulfilled repayment commitment. WBVA has further commented that both Artwell and Supreme Luck have been unresponsive to legal demand letters issued and there have been unsuccessful attempts in obtaining their financial information.

Having considered the potential legal actions to be undertaken by Orion and the key underlying basis adopted in the independent valuation report prepared by WBVA (as set out in the above) and in accordance with the basis guided under the IFRS9, the Group has made a full impairment of approximately RMB165.0 million and RMB27.5 million for the amounts owing by Artwell and Supreme Luck in FY2021, respectively.

The Group would like to highlight that the accounting for full impairment of the receivable owing by Artwell and Supreme Luck in the Group's consolidated financial statements for FY2021 does not expressly confer a waiver of their contractual obligations to pay and it is also not a presumption that Orion has readily given up its right to pursue further legal actions in claiming the full receivable amount by Artwell and Supreme Luck. The Company will continue to discuss with its legal counsel and evaluate the feasibility of pursuing further legal actions to recover any of such receivable amounts from the debtors.

Reversal of allowance for expected credit loss

Mainly comprised a partial reversal of doubtful debts of RMB2.7 million which was previously impaired upon full settlement of Richardson Loan in April 2022. Please refer to Section E Note 7(b) for additional details of the movement in Richardson Loan.

Administrative expenses

Mainly comprised corporate expenses including compliance expenses and various professional fees. Administrative expenses decreased by RMB18.3 million due to (i) the absence of impairment loss on goodwill of RMB13.8 million which was recorded in FY2020; (ii) the discontinuance of trading business operations and operational streamlining; and (iii) the waiver of payment of the CEO's salary.

Other expenses

Mainly comprised a write-off of RMB3.7 million in relation to deposits placed with third-party suppliers after offsetting amount payables to suppliers for purchase of coal in the Republic of Indonesia, due to non-fulfilment of contractual obligations in taking delivery. The discontinuance of the Group's trading business in FY2021 had caused non-fulfilment of the Group's contractual obligations with the third-parties suppliers, which the management had attempted to negotiate for partial refunds without success.

Finance costs

The Group recorded RMB0.19 million in finance costs in FY2021 as compared to RMB0.23 million in FY2020. This mainly comprised interest expense that arose from the Bond, which had been cancelled and terminated in its entirety upon the payment of the sum of SGD0.6 million by the CEO being full and final settlement of the Debt in December 2022 under the Internal Debt Restructuring exercise (as announced on 15 December 2022).

b. Condensed Statements of Financial Position (31 December 2021 vs 31 December 2020)

Total Assets

Total assets fell by RMB200.6 million from RMB205.8 million in FY2020 to RMB5.2 million in FY2021. Significant changes during the year under review were:

Trade and other receivables

Trade and other receivables fell by RMB200.0 million from RMB204.6 million in FY2020 to RMB4.6 in FY2021 due mainly to (i) write-off of RMB7.1 million in relation to deposits placed with third-party suppliers before offsetting amount payables to suppliers for purchase of coal of RMB3.4 million in the Republic of Indonesia and (ii) allowance of expected credit loss on trade receivables of RMB192.5 million (please refer to Section F of Paragraph 4(a) "Allowance for expected credit loss" for details of impairment assessment for trade receivables), (iv) offset by a reversal of an accumulated impairment loss of RMB2.7 million upon final settlement of the Richardson Loan.

Cash and cash equivalent

Cash and cash equivalent fell by RMB0.4 million from RMB0.9 million in FY2020 to RMB0.5 million in FY2021 due mainly to payments of operating expenses.

Total Liabilities

Total liabilities fell by RMB4.6 million from RMB15.6 million in FY2020 to RMB11.0 million in FY2021. Significant changes during the year under review were:

Trade and other payables

Trade and other payables fell by RMB3.7 million from RMB7.2 million in FY2020 to RMB3.5 million in FY2021 which mainly comprised accrued operating expenses, including professional fees, and the decrease was due mainly to reduction in accrued liabilities upon discharge of certain payment obligations in full.

Borrowings

Borrowings fell by RMB0.8 million from RMB8.3 million in FY2020 to RMB7.5 million in FY2021 which comprised (i) outstanding amount of RMB5.9 million in equivalents under the Bond (which was redeemed in December 2022) and (ii) loans payable to the CEO amounting to RMB1.7 million.

c. Condensed Interim Consolidated Statement of Cash Flows

Net cash used in operating activities was RMB0.4 million for FY2021 after accounting for payments of operating expenses. There were no cash flows from investing activities and financing activities during FY2021. As a result, cash and cash equivalents fell to RMB0.53 million as at 31 December 2021, net of effects of currency translation on cash and cash equivalents.

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 previously 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[2] and in AR2020, the Group's coal trading business faced significant headwinds due to Covid-19 related restrictions and supply chain disruptions. The Group did not have any revenue-generating activities in FY2021 despite efforts from the management and it is also not expected to generate any revenue and profit in the foreseeable future. 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 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**").

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

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

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.

The Company will make the necessary announcements in the event that it enters into a definitive agreement with any Potential RTO target and as and when there are material developments in relation to the Potential RTO and/or the pre-clearance application in compliance with the Catalist Rules.

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 FY2021 due to uncertainty regarding the Company's going concern.

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.

There were no interested person transactions, as defined in Chapter 9 of the Catalist Rules, with value of more than SGD100,000 that was entered into by the Company or any of its subsidiaries during FY2021.

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 FY2021 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2021. Please refer to AR2020 on pages 116 to 119 for segment information for FY2020.

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 FY2021 and has been deemed a cash company since May 2021. As a result, there is no segment information for FY2021. Please refer to AR2020 on pages 116 to 119 for segment information for FY2020.

14. A breakdown of sales:

	Group	
	FY2021 Unaudited RMB'000	**FY2020 Audited RMB'000**
Revenue from coal products segment, representing total revenue	-	24,553

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 FY2021 and FY2020.

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 will 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 FY2021.

BY ORDER OF THE BOARD

CHU MING KIN
Executive Chairman and Chief Executive Officer
10 MAY 2023