SINCAP GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201005161G)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Unaudited Results (as defined below)*.*

The Board of Directors (the "**Board**") of Sincap Group Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") refers to the announcement released by the Company on 1 March 2021 in relation to its unaudited full year financial results (the "**Unaudited Results**") for the financial year ended 31 December 2020 ("**FY2020**"). Further reference is made to the audited financial statements of the Company for FY2020 and the report thereon by the Company's external auditor, Baker Tilly TFW LLP (the "**Auditor**") which will be released on the SGXNet by 21 December 2022 (the "**Audited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify that the management of the Company has adopted certain material adjustments and reclassifications identified by the Company's Auditor, to the unaudited consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for FY2020, following the finalisation of the post-balance sheet events review conducted by the Auditor.

The Company had previously disclosed in its corporate update announcement dated 21 September 2022 that based on the understanding of the management of the Company, it was highly likely that the outcome of the post-balance sheet events review conducted by the Auditor would result in additional audit adjustments for adjusting events, which would affect the Unaudited Results. The details and explanations of the material variances are set out in Appendix A as annexed hereto.

Shareholders are advised to read this announcement in conjunction with the Audited Financial Statements. Shareholders are also advised to exercise caution when dealing in shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that to the best of their knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosure misleading.

By Order of the Board
SINCAP GROUP LIMITED

CHU MING KIN
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
16 DECEMBER 2022

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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

Appendix A

A1: CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group				
	Unaudited FY2020 RMB'000	**Audited FY2020 RMB'000**	**Variance FY2020 RMB'000**	**Change %**	**Note**
Revenue	24,553	24,553	-	-	
Cost of sales	(23,279)	(23,279)	-	-	
Gross profit	1,274	1,274	-	-	
Interest income from loan receivables	970	-	(970)	(100.0)	**<PL1>**
Interest income from trade receivables	1,086	1,086	-	-	
Other income	2,056	1,086	(970)	(47.18)	
Allowance on expected credit loss	-	(1,086)	1,086	N.M.	**<PL2>**
Administrative expenses	(6,921)	(19,262)	(12,341)	178.3	**<PL3>**
Finance costs	(213)	(229)	(16)	7.5	**Imm.**
Other expenses	(1,831)	(844)	987	(53.9)	**<PL4>**
Loss before tax	(5,635)	(19,061)	(13,426)	238.3	
Income tax credit	1,033	960	(73)	(7.1)	**<PL5>**
Loss for the year	(4,602)	(18,101)	(13,499)	293.3	
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit and loss:					
Currency translation differences arising on consolidation	(13,289)	(12,583)	706	(5.3)	**<PL6>**
Total comprehensive loss for the year	(17,891)	(30,684)	(12,793)	71.5	
Loss attributable to:					
Equity holders of the Company	(4,601)	(18,101)	(13,500)	293.4	
Non-controlling interests	(1)	*	1	(100.0)	**Imm.**
	(4,602)	(18,101)	(13,499)	293.3	
Total comprehensive loss attributable to:					
Equity holders of the Company	(17,887)	(30,681)	(12,794)	71.5	
Non-controlling interests	(4)	(3)	1	(25.0)	**Imm.**
	(17,891)	**(30,684)**	**(12,793)**	**71.5**	

Notes:

Imm. - For the purpose of this announcement, the Company has taken the view that any variance less than RMB100,000 and/or the percentage change of less than 10% is immaterial.

N.M. - not meaningful

***** - Amount less than RMB1,000

Explanatory notes:

Reference	Explanation
GROUP	
<PL1> – Other income	Interest income reduced by approximately RMB1.0 million due to reversal of interest income which was previously charged on the amounts owing by, amongst others, Richardson 1 Pty Ltd, as the Group had reached a settlement with the Defaulting Parties and the Guarantor as announced in the Company's announcement dated 29 April 2022. *Please refer to the Company's announcement dated 1 March 2021 and 29 April 2022 for further details and the meanings of the capitalised terms.*
<PL2> – Allowance on expected credit loss	The material variance is due to an allowance on expected credit loss of approximately RMB1.1 million in relation to interest receivable from Artwell Mineral Resources Co. Ltd. ("**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 previously recognised interest income and (ii) not to recognise any additional interest income. Notwithstanding the loss allowance, the Group has engaged Chevalier Law LLP and has issued letters of demand on 2 August 2021 and 26 October 2022 claiming the full amount owing and due by Artwell.
<PL3> – Administrative expenses	The material variance is due to: (a) the full impairment of goodwill of approximately RMB13.5 million which initially arose from the acquisition of Orion Energy Resources Pte. Ltd ("**Orion**"), the key cash-generating-unit ("**CGU**") of the Group. As previously disclosed in the Company's announcement dated 19 August 2021 and 12 August 2022, the Group's coal trading business has faced significant headwinds such as high freight costs and supply chain disruptions due to the COVID-19 pandemic, coupled with certain non-performing receivables which have resulted in severe cashflow issues. The Group also faced operational issues amidst market volatility and uncertainty and has been unable to generate revenue for over 12 months despite the management's efforts. As a result, Orion has since ceased its operations. Under such circumstances and taking into account of the development after the post-balance sheet period, the management has revised the business projection of the CGU having considered the followings: i) the CGU has ceased its operations and has not generated any recurring revenue even after the post-balance sheet period; and ii) the CGU has not been able to collect any amount of the receivables and such non-performing receivables have resulted in severe operating cash-flow issues for the CGU. Given the above, the estimated value-in-use of the CGU was significantly lower than its carrying value as at 31 December 2020 based on the revised discounted cash flow projections. As a result, the goodwill of approximately RMB13.5 million has been fully impaired; and

	(b) the waiver by Mr. Chu Ming Kin, the Executive Chairman and Chief Executive Officer of the Company (the "**CEO**") of his unpaid remuneration of approximately RMB1.4 million for the financial year ended 31 December 2020, which was offset against the above administrative expense increases.
<PL4> – Other expenses	Other expenses reduced by approximately RMB1.0 million due to the reversal of impairment loss in interest which was previously charged on the Richardson Loan as the Group had reached a settlement with the Defaulting Parties and the Guarantor as set out in announcement dated 29 April 2022. *Please refer to announcement dated 29 April 2022 for further details and the meanings of the capitalised terms used therein.*
<PL5> – Income tax credit	Income tax credit reduced by RMB0.1 million due to a re-assessment of income tax position after taking into account of the post-balance sheet adjustments.
<PL6> – Currency translation differences arising on consolidation	Currency translation differences arising on consolidation reduced by approximately RMB0.7 million due to currency translation differences which arose from translation of the financial statements of entities within the Group whose functional currencies are different from the Group's presentation currency after taking into account of the post-balance sheet adjustments.

A2: CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Group					Company				
	Un-audited RMB'000	Audited RMB'000	Variance RMB'000	Change %	Note	Un-audited RMB'000	Audited RMB'000	Variance RMB'000	Change %	Note
ASSETS										
Non-current assets										
Plant and equipment	259	259	-	-		259	259	-	-	
Goodwill	13,066	-	(13,066)	(100.0)	**<GBS1>**	-	-	-	-	
Investments in subsidiaries	-	-	-	-		129,664	129,664	-	-	
Total non-current assets	13,325	259	(13,066)	(98.1)		129,923	129,923	-	-	
Current assets										
Trade and other receivables	205,660	204,632	(1,028)	(0.5)	**<GBS2>**	63,683	58,704	(4,979)	(7.8)	**<BS1>**
Cash and cash equivalents	930	930	-	-		279	279	-	-	
Total current assets	206,590	205,562	(1,028)	(0.5)		63,962	58,983	(4,979)	(7.8)	
Total asset	219,915	205,821	(14,094)	(6.4)		193,885	188,906	(4,979)	(2.6)	
EQUITY AND LIABILITIES										
Equity										
Share capital	203,930	203,930	-	-		203,930	203,930	-	-	
Accumulated profits/(losses)	9,779	(3,721)	(13,500)	(138.1)	**<GBS3>**	(43,134)	(47,016)	(3,882)	9.0	**<BS2>**
Currency translation reserve	(10,722)	(10,017)	705	(6.6)	**<GBS4>**	(3,433)	(3,228)	205	(6.0)	**<BS3>**
Equity attributable to the equity holders of the Company	202,987	190,192	(12,795)	(6.3)		157,363	153,686	(3,677)	(2.3)	
Non-controlling interests	40	42	2	5.0	**Imm.**	-	-	-	-	
Total equity	203,027	190,234	(12,793)	(6.3)		157,363	153,686	(3,677)	(2.3)	
LIABILITIES										
Non-current liabilities										
Borrowings	1,793	1,793	-	-		1,014	1,014	-	-	
Total non-current liabilities	1,793	1,793	-	-		1,014	1,014	-	-	
Current liabilities										
Trade and other payables	8,581	7,160	(1,421)	(16.6)	**<GBS5>**	29,002	27,631	(1,371)	(4.7)	**<BS4>**
Contract liabilities	-	51	51	N.M.	**Imm.**	-	-	-	-	
Borrowings	6,506	6,506	-	-		6,506	6,506	-	-	
Income tax payable	8	77	69	862.5	**<GBS6>**	-	69	69	N.M.	**<BS5>**
Total current liabilities	15,095	13,794	(1,301)	(8.6)		35,508	34,206	(1,302)	(3.7)	
Total liabilities	16,888	15,587	(1,301)	(7.7)		36,522	35,220	(1,302)	(3.6)	
Total equity and liabilities	219,915	205,821	(14,094)	(6.4)		193,885	188,906	(4,979)	(2.6)	

Explanatory notes:

Reference	Explanation
GROUP	
<GBS1> - Goodwill	Goodwill reduced by approximately RMB13.1 milion due to the full impairment of goodwill which initially arose from the acquisition of Orion. Please refer to **<PL3>** for further details.
<GBS2> - Trade and other receivables	Trade and other receivables reduced by approximately RMB1.0 million due to allowance on expected credit loss of approximately RMB1.0 million in relation to interest receivable from Artwell as explained in **<PL2>**.
<GBS3> - Accumulated profits/(losses)	Accumulated profits reduced by RMB13.5 million due mainly to adjustments arising from post- balance sheet events as explained in **<PL1>**, **<PL2>**, **<PL3>**, **<PL4> and <PL5>** above.
<GBS4> - Currency translation reserve	Currency translation reserve reduced by approximately RMB0.7 million of currency translation differences as explained in **<PL6>**.
<GBS5> - Trade and other payables	Trade and other payables reduced by approximately RMB1.4 million due to the waiver by the CEO of his unpaid remuneration as explained in **<PL3(b)>**.
<GBS6> - Income tax payable	Income tax payable reduced by approximately RMB0.1 million due to re-assessment of income tax position as explained in **<PL5>**.
COMPANY	
<BS1> - Trade and other receivables	Trade and other receivables reduced by approximately RMB5.0 million due mainly to the waiver of (a) management fee income of RMB1.6 million previously charged to Orion; and (b) interest income of RMB3.4 arising from an inter-company loan provided to Orion. As explained in the above **<PL3(a)>**, Orion has ceased its operations in view of supply chain disruptions and faced cashflow issues due to its non-performing receivables. As a result, the management has waived the abovementioned inter-company transactions.
<BS2> - Accumulated profits/(losses)	Accumulated losses Increased by approximately RMB3.9 million mainly due to post-balance sheet adjustments as explained in **<BS1>** and **<BS4>**.
<BS3> - Currency translation reserve	Currency translation reserve reduced by approximately RMB0.2 million due to currency translation differences which arose from translation of the financial statements of the Company whose functional currencies are different from the presentation currency after taking into account of the post-balance sheet adjustments.
<BS4> - Trade and other payables	Trade and other payables reduced by approximately RMB1.4 million due to waiver by the CEO of his unpaid remuneration of RMB1.4 million for the financial year ended 31 December 2020.
<BS5> - Income tax payable	Income tax payable increased by approximately RMB0.069 million due to the re-assessment of the Company's income tax position after taking into account of the post-balance sheet adjustments.

A3: CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group				
	Un-audited RMB'000	Audited RMB'000	Variance RMB'000	Change %	Note
Cash flows from operating activities					
Loss before tax	(5,635)	(19,061)	(13,426)	238.3	**<CF1>**
Adjustments for:					
Interest income	(2,056)	(1,086)	970	(47.2)	**<CF2>**
Interest expense	235	229	(6)	(2.6)	**Imm.**
Depreciation of property, plant and equipment	209	209	-	-	
Impairment loss on goodwill	-	13,787	13,787	N.M.	**<CF3>**
Allowance on expected credit loss	971	1,086	115	11.8	**<CF4>**
Foreign exchange loss	-	844	844	N.M.	**<CF5>**
Operating cash flows before working capital changes	(6,276)	(3,992)	2,284	(36.4)	
Changes in working capital:					
Trade and other receivables	33,313	32,287	(1,026)	(3.1)	**<CF6>**
Trade and other payables	(29,636)	(31,056)	(1,420)	4.8	**<CF7>**
Currency translation adjustments	1,584	1,489	(95)	(6.0)	**Imm.**
Cash used in operations	(1,015)	(1,272)	(257)	25.3	
Income tax paid	(800)	(800)	-	-	
Net cash used in operating activities	(1,815)	(2,072)	(257)	14.2	
Cash flows from investing activities					
Purchase of plant and equipment	(18)	(18)	-	-	
Net cash used in investing activities	(18)	(18)	-	-	
Cash flows from financing activities					
Interest paid	(235)	(229)	6	(2.6)	**Imm.**
Repayment of lease liability	(185)	(186)	(1)	0.5	**Imm.**
Repayment of bonds	(6,822)	(6,651)	171	(2.5)	**Imm.**
Loan from director	1,721	1,802	81	4.7	**Imm.**
Net cash used in financing activities	(5,521)	(5,264)	257	(4.7)	
Net decrease in cash and cash equivalents	(7,354)	(7,354)	-	-	
Cash and cash equivalents at beginning of the year	8,426	8,426	-	-	
Effects of exchange rate changes on cash and cash equivalents	(142)	(142)	-	-	
Cash and cash equivalents at end of the year	930	930	-	-	

Explanatory notes:

Reference	Explanation
GROUP	
<CF1> - Loss before tax	Loss before tax increase by approximately RMB13.4 million mainly due to: (a) impairment loss on goodwill of approximately RMB13.5 million as explained in **<PL3(a)>**; (b) allowance on expected credit loss of approximately RMB1.1 million in relation to interest receivable from Artwell as explained in **<PL2>**; and (c) waiver by the Company's CEO of his unpaid remuneration of approximately RMB1.4 million for the financial year ended 31 December 2020 as explained in **<PL3(b)>**, which offset the above increases**.**
<CF2> - Interest income	Interest income reduced by approximately RMB1.0 million mainly due to reversal of interest income which was previously charged on the Richardson Loan of approximately RMB1.0 million as explained under **<PL1>**.
<CF3> - Impairment loss on goodwill	Impairment loss on goodwill increased by approximately RMB13.8 million mainly due to impairment of goodwill which is non-cash in nature, as explained in **<PL3(a)>**.
<CF4> - Allowance on expected credit loss	Allowance on expected credit loss increased by approximately RMB0.1 million mainly due to: (a) allowance on expected credit loss on financial assets of approximately RMB1.1 million in relation to interest receivable from Artwell, as explained in **<PL2>**; and (b) reversal of impairment loss in relation to accrued interest charged on the Richardson Loan of approximately RMB1.0 million, as explained in **<PL1>**; which offset the above increases.
<CF5> - Foreign exchange loss	Foreign exchange loss increased by approximately RMB0.8 million due to currency translation differences which arose from change in the value of foreign currency denominated sales and purchase transactions which is non-cash in nature.
<CF6> - Trade and other receivables	Trade and other receivables reduced by RMB1.0 million mainly due to allowance on expected credit loss of approximately RMB1.1 million in relation to interest receivable from Artwell as detailed in **<PL2>**.
<CF7> - Trade and other payables	Trade and other payables increased by approximately RMB1.4 million mainly due to waiver of the Company's CEO's unpaid remunerations for the financial year ended 31 December 2020 of approximately RMB1.4 million as detailed in **<PL3(b)>**.