



SAPPHIRE CORPORATION LIMITED
REGISTRATION NUMBER: 198502465W

**UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

Contents

A. Condensed interim consolidated statement of profit or loss	1
B. Condensed interim consolidated statement of comprehensive income.....	1
C. Condensed interim statements of financial position	2
D. Condensed interim consolidated statement of cash flows.....	3
E. Condensed interim statements of changes in equity	4
F. Notes to the condensed interim consolidated financial statements	7
G. Other information required by Listing Rule Appendix 7.2.....	20

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

A. Condensed interim consolidated statement of profit or loss

	Note	Group		
		1H2023 RMB'000	1H2022 RMB'000	Change %
Revenue	4.2	44,556	56,859	(21.6)
Cost of sales		(43,422)	(47,312)	(8.2)
Gross profit		1,134	9,547	(88.1)
Other income	5	1,840	3,353	(45.1)
Administrative expenses		(8,674)	(5,881)	47.5
Other expenses		(394)	(1,258)	(68.7)
(Loss)/profit from operating activities		(6,094)	5,761	N.M
Finance costs	6	(770)	(589)	30.7
Share of profit of associated company		13,677	6,815	100.7
Profit before tax	7	6,813	11,987	(43.2)
Tax expense	8	(39)	(2,470)	(98.4)
Profit for the period		6,774	9,517	(28.8)
Profit attributable to:				
Owners of the Company		6,260	9,225	(32.1)
Non-controlling interests		514	292	76.0
Profit for the period		6,774	9,517	(28.8)
Earnings per share –				
Basic/(diluted) (cents)		1.54	2.26	(31.9)

B. Condensed interim consolidated statement of comprehensive income

	Group		
The Group	1H2023 RMB'000	1H2022 RMB'000	
Profit for the period	6,774	9,517	(28.8)
Other comprehensive loss after tax:			
Items that are or may be reclassified to profit or loss:			
- Foreign currency translation differences	(3,286)	(168)	N.M
- Share of other comprehensive loss of an associated company	(1,674)	(67)	N.M
Total other comprehensive loss for the period	(4,960)	(235)	N.M
Total comprehensive income for the period	1,814	9,282	(80.5)
Total comprehensive income attributable to:			
- Owners of the Company	1,300	8,993	(85.5)
- Non-controlling interest	514	289	77.9
Total comprehensive income for the period	1,814	9,282	(80.5)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

C. Condensed interim statements of financial position

	Note	Group		Company	
		30.6.2023 RMB'000	31.12.2022 RMB'000	30.6.2023 RMB'000	31.12.2022 RMB'000
Assets					
Property, plant and equipment	9	63,903	57,324	41	50
Subsidiaries		–	–	368,142	356,143
Associated company	10	429,830	417,827	–	–
Total non-current assets		493,733	475,151	368,183	356,193
Other investment	11	1,319	1,635	1,319	1,635
Inventories		25	–	–	–
Trade receivables	12	32,099	57,190	–	–
Other receivables	12	46,189	36,870	404	474
Restricted cash in an escrow account	13	91,698	91,698	–	–
Cash and cash equivalents	13	25,340	107,530	66	97,612
Total current assets		196,670	294,923	1,789	99,721
Total assets		690,403	770,074	369,972	455,914
Equity					
Share capital	14	350,874	466,700	350,874	466,700
Reserves		227,637	203,766	5,204	(24,593)
Equity attributable to owners of the Company		578,511	670,466	356,078	442,107
Non-controlling interests		11,849	11,335	–	–
Total equity		590,360	681,801	356,078	442,107
Liabilities					
Provisions	15	7,789	7,789	–	–
Other payables	17	–	–	10,005	–
Lease liabilities	16	25,285	26,390	–	–
Total non-current liabilities		33,074	34,179	10,005	–
Trade payables	17	25,578	27,855	–	–
Other payables	17	39,942	24,534	3,889	13,807
Lease liabilities	16	1,449	1,705	–	–
Current tax liabilities		–	–	–	–
Total current liabilities		66,969	54,094	3,889	13,807
Total liabilities		100,043	88,273	13,894	13,807
Total equity and liabilities		690,403	770,074	369,972	455,914

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

D. Condensed interim consolidated statement of cash flows

	Group	
	1H2023	1H2022
	RMB'000	RMB'000
Operating activities		
Profit before tax	6,813	11,987
Adjustments for:		
Depreciation of property, plant and equipment	2,958	1,168
Gain on disposal of property, plant and equipment, net	–	(267)
Change in fair value of financial asset designated as fair value through profit or loss	316	430
Provision for impairment loss on trade and other receivables and contract assets	–	136
Reversal of provisions	–	(629)
Interest income	(1,831)	(1,891)
Interest expense	770	589
Share of profit of equity-accounted investees (net of tax)	(13,677)	(6,815)
Operating (loss) / profit before working capital changes	(4,651)	4,708
Changes in working capital:		
Inventories	(25)	229
Trade and other payables	6,330	10,425
Trade and other receivables	22,774	(11,074)
Cash flows generated from operations	24,428	4,288
Tax paid	(39)	(2,381)
Net cash generated from operating activities	24,389	1,907
Investing activities		
Interest received	1,831	1,891
Payment for purchase of plant and equipment	(9,407)	(541)
Proceeds from disposal of plant and equipment	–	864
Loan to an associated company	(10,000)	–
Proceeds from loan to an unrelated party	3,000	–
Net cash (used in) / generated from investing activities	(14,576)	2,214
Financing activities		
Payment of lease liabilities	(1,361)	(499)
Interest/factoring expenses paid	(770)	(589)
Proceeds from a related party	6,800	–
Capital reduction paid to shareholders of the Company	(93,255)	–
Net cash used in financing activities	(88,586)	(1,088)
Net (decrease) / increase in cash and cash equivalents	(78,773)	3,033
Cash and cash equivalents at beginning of the period	107,530	118,986
Effect of exchange rate changes on the balances held in foreign currencies	(3,417)	(219)
Cash and cash equivalents at end of the period (Note 13)	25,340	121,800

E. Condensed interim statements of changes in equity

Consolidated Statements of Changes in Equity

The Group	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Foreign exchange translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
2023									
Balance at 1 January 2023	466,700	(7,585)	(14,205)	(8,968)	6,123	228,401	670,466	11,335	681,801
Profit for the period	–	–	–	–	–	6,260	6,260	514	6,774
Foreign currency translation differences	–	–	–	–	(3,286)	–	(3,286)	–	(3,286)
Share of other comprehensive loss of associated company	–	–	–	–	(1,674)	–	(1,674)	–	(1,674)
Total other comprehensive loss	–	–	–	–	(4,960)	–	(4,960)	–	(4,960)
Total comprehensive income for the period	–	–	–	–	(4,960)	6,260	1,300	514	1,814
Transactions with owners, recognised directly in equity									
Capital reduction	(115,826)	–	–	–	–	22,571	(93,255)	–	(93,255)
Balance at 30 June 2023	350,874	(7,585)	(14,205)	(8,968)	1,163	257,232	578,511	11,849	590,360

Consolidated Statements of Changes in Equity

The Group	Share capital RMB'000	Capital reserve RMB'000	Fair value Reserve RMB'000	Other reserve RMB'000	Foreign exchange translation reserve RMB'000	Retained profits RMB'000	Total Equity RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
2022									
Balance at 1 January 2022	466,700	(7,585)	(14,205)	(8,968)	2,275	197,715	635,932	12,600	648,532
Profit for the period	–	–	–	–	–	9,225	9,225	292	9,517
Foreign currency translation differences	–	–	–	–	(165)	–	(165)	(3)	(168)
Share of other comprehensive loss of associated company	–	–	–	–	(67)	–	(67)	–	(67)
Total other comprehensive loss	–	–	–	–	(232)	–	(232)	(3)	(235)
Total comprehensive income for the period	–	–	–	–	(232)	9,225	8,993	289	9,282
Balance at 30 June 2022	466,700	(7,585)	(14,205)	(8,968)	2,043	206,940	644,925	12,889	657,814

The Company	Share capital RMB'000	Capital reserves RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Foreign exchange translation reserve RMB'000	Retained profits RMB'000	Total Equity RMB'000
2023							
Balance at 1 January 2023	466,700	(8,294)	(14,205)	(8,968)	30,961	(24,087)	442,107
Loss for the period	–	–	–	–	–	(1,486)	(1,486)
Foreign currency translation differences	–	–	–	–	8,712	–	8,712
Total comprehensive income for the period	–	–	–	–	8,712	(1,486)	7,226
Transactions with owners, recognised directly in equity							
Capital reduction	(115,826)	–	–	–	–	22,571	(93,255)
Balance at 30 June 2023	350,874	(8,294)	(14,205)	(8,968)	39,673	(3,002)	356,078
2022							
Balance at 1 January 2022	466,700	(8,294)	(14,205)	(8,968)	(8,277)	(22,571)	404,385
Loss for the period	–	–	–	–	–	(2,633)	(2,633)
Foreign currency translation differences	–	–	–	–	8,133	–	8,133
Total comprehensive income for the period	–	–	–	–	8,133	(2,633)	5,500
Balance at 30 June 2022	466,700	(8,294)	(14,205)	(8,968)	(144)	(25,204)	409,885

F. Notes to the condensed interim consolidated financial statements

1. Corporate information

Sapphire Corporation Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investee.

The principal activities of the Company are those of investment management, provision of management services and holding company.

The principal activities of the subsidiaries and the associate company are set out in Notes 5 and 6 respectively in the FY2022 Annual Report. There are no significant changes of principal activities for six months ended 30 June 2023.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The functional currency of the Company is in Singapore dollars. The condensed interim financial statements are presented in Chinese Renminbi (“RMB”) as the Group considers RMB to be the most appropriate presentation currency.

2.1 New and amended standards adopted by the Group

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial periods and financial years.

2.2 Use of judgements and estimates

In preparing the condensed interim 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. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used in applying accounting policies and areas involving a high degree of judgement are described below.

(a) Judgements made in applying accounting policies

(i) Identification of functional currency

The functional currency of each entity in the Group is the currency of the primary economic environment in which it operates. Determination of the functional currency involves significant judgement and other companies may make different judgements based on similar facts. Management reconsiders the functional currency if there is a change in the underlying transactions, events and conditions which determines its primary economic environment.

The determination of functional currency affects the carrying amount of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of comprehensive income. It also impacts the exchange gains and losses included in the statement of comprehensive income.

(ii) Classification of the Dividend Allocation Sum under Tranche 1 Escrowed Sum and Tranche 2 Escrowed Sum in the Group's cash and cash equivalents

As 30.06.23 and 31.12.22, the Group has received RMB 280 million from the Investor arising from the disposal of the Group's equity interest in Ranken Group. As set out in the Circular dated 9 October 2020, a Dividend Allocation Sum of approximately RMB 93.3 million being part of the Tranche 1 Escrowed Sum, equivalent to 36.3% of the net proceeds from the disposal of Ranken Group, will be allocated for distribution to the Company's shareholders by way of dividends, forms part of the Group's cash and cash equivalents as at the balance sheet date as there is no restriction placed on the timing of the declaration of such dividends.

On 27 January 2023, the Company announced the completion of the capital reduction and the paid-up share capital of the Company comprising 407,589,893 ordinary shares was reduced to S\$73,717,285 (from S\$98,458,091 by way of the following:

- (i) The cancellation of the share capital of the Company to the extent of the sum of the accumulated losses of the Company as at 31 December 2021 of approximately S\$6,154,707 (RMB 22,571,000) ("Accumulated Losses") and applying such amount of approximately S\$6,154,707 (RMB 22,571,000), being the credit arising from the aforesaid cancellation of share capital, to write off the Accumulated Losses; and

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

- (ii) By returning to all Shareholders equally, the aggregate amount of S\$18,586,099 (RMB 93,254,912) which is approximately 36.28% of Net Proceeds, being the surplus capital of the Company in excess of its needs, by way of a cash distribution of S\$0.0456 per issued Share held by a shareholder as at the Capital Reduction book closure date ("Cash Distribution").

On 17 February 2023, the Cash Distribution of S\$18,586,099 (RMB93,254,912) were paid to the shareholders of the Company. The Cash Distribution of approximately RMB93,255,000 is shown in the cashflows in financing activities.

As at 30.6.2023 and 31.12.22, another amount of RMB 91.7 million, relates to the remaining 35.7% of the Tranche 2 Escrow Sum. The amount has been classified as "current" in the consolidated statement of financial position as the amount arose from the disposal of Ranken Railway is expected to be released from the Escrow Account within the next 12 months on the basis that the financial conditions have been met; subject to SGX-ST's approval for the Company to cease such escrow arrangement.

(iii) Income tax

The Group is primarily exposed to income taxes in Singapore and the People's Republic of China. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 30 June 2023 is RMB Nil (31.12.2022 – RMB Nil).

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based on its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, technological changes, environmental and anticipated use of the assets in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of these assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Any changes in the economic useful lives and residual values could impact the depreciation charge and consequently impact the Group's results.

(ii) Allowance for expected credit losses on trade and other receivables and contract assets

Allowance for expected credit losses ("ECL") of trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing

market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for third parties and related parties. ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 or Stage 3 assets. An asset moves from Stage 1 to Stage 2 when its credit risk increases significant and subsequently to Stage 3 as it becomes credit impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amount of the Group's and the Company's trade and other receivables are disclosed in Note 12. An increase/ decrease of 10% in the estimated future cash inflows will lead to further allowance for impairment of RMB 7.8 million and RMB 40,000 respectively on the Group's and the Company's trade and other receivables.

3. Seasonal operations

As the Group's operations are primarily in China, the Group and its associated company (Ranken Railway)'s business operations are generally slower in the first half of each year affected by cold weather and the Chinese New Year Break. Other than the aforesaid, The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

4.1 Reportable Segment

For the period ended 30 June 2023 and 30 June 2022, the Group has only one reportable segment, the infrastructure segment.

The Company is an investment management and holding company with a business model aligned towards urbanisation trends.

Under the infrastructure segment, the Group has two operating business units and an investment holding company. One of the operating business units is in the business of property management and city redevelopment services undertaken by Chengdu Shengshi Jialong City Management Service Co., Ltd.. The other business unit is in the business of leasing of warehouse and equipment and supply of materials for urbanisation projects undertaken by Sichuan Yilong Equipment Co., Ltd. ("Yilong"). The investment holding company is undertaken by Chengdu Kai Qi Rui Business Management Co., Ltd. ("Chengdu KQR"), where the Group also owns a 48.82% effective interest in Ranken Railway Construction Group Co., Ltd ("Ranken Railway") and its subsidiaries who are principally engaged in the engineering, procurement and construction ("EPC") business related to the land transport infrastructure and water conservancy and environmental projects in China.

These operating segments are reported in a manner consistent with internal reporting provided to the CEO who is responsible for allocating resources and assessing performance of the operating segments.

The unallocated items comprise both the Company's and Ranken Holding Co., Limited's performance and assets.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Infrastructure 1H2023				
	Jialong	Yilong	Chengdu KQR	Total
	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	21,734	22,822	–	44,556
Interest income	5	12	1,656	1,673
Factoring/interest expenses	(656)	(44)	(70)	(770)
Depreciation and amortisation	(1,844)	(1,101)	(2)	(2,947)
Share of profit of associated company	–	–	13,677	13,677
Reportable segment (loss)/profit before tax	(3,286)	(207)	12,894	9,401
Reportable segment assets	62,192	131,516	494,711	688,419
Capital expenditure	–	9,407	–	9,407
Reportable segment liabilities	(39,676)	(35,514)	(40,642)	(115,832)

Infrastructure 1H2022				
	Jialong	Yilong	Chengdu KQR	Total
	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	12,897	43,962	–	56,859
Interest income	7	9	1,874	1,890
Factoring/interest expenses	(235)	(354)	–	(589)
Depreciation and amortization	(50)	(1,110)	(2)	(1,162)
Share of profit of associated company	–	–	6,815	6,815
Reportable segment profit before tax	6,535	1,104	8,217	15,856
Reportable segment assets	24,630	111,829	577,838	714,297
Capital expenditure	10	531	–	541
Reportable segment liabilities	(16,066)	(17,904)	(45,707)	(79,677)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items:

	1H2023 RMB'000	1H2022 RMB'000
Revenue		
Total revenue for reportable segments	44,556	56,859
Profit or loss		
Total profit before tax for reportable segments	9,401	15,856
Unallocated amounts:		
- Other income	162	4
- Other expense	(2,750)	(3,873)
- Tax expense	(39)	(2,470)
Consolidated profit for the period	6,774	9,517

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	1H2023 RMB'000	1H2022 RMB'000
Assets		
Total assets for reportable segments	688,419	714,297
Elimination of inter-segment assets	—	—
Other unallocated amounts	1,984	3,046
Consolidated total assets	690,403	717,343
Liabilities		
Total liabilities for reportable segments	115,832	79,677
Elimination of inter-segment liabilities	(27,471)	(33,135)
Other unallocated amounts	11,682	12,987
Consolidated total liabilities	100,043	59,529

	Reportable segment total RMB'000	Unallocated amounts RMB'000	Consolidated total RMB'000
Other material items 1H2023			
Interest income	1,673	158	1,831
Factoring/interest expenses	(770)	—	(770)
Depreciation and amortisation	(2,947)	(11)	(2,958)
Capital expenditure	9,407	—	9,407

Other material items 1H2022			
Interest income	1,890	1	1,891
Interest expenses	(589)	—	(589)
Depreciation and amortisation	(1,162)	(6)	(1,168)
Capital expenditure	541	—	541

Geographical information

	Revenue		Non-current assets	
	1H2023 RMB'000	1H2022 RMB'000	1H2023 RMB'000	1H2022 RMB'000
Singapore	—	—	41	34
China	44,556	56,859	493,692	429,967
Total	44,556	56,859	493,733	430,001

4.2 Revenue

	Group	
	1H2023 RMB'000	1H2022 RMB'000
Revenue from contracts with customers	41,767	54,934
Warehouse, equipment and premise leasing	2,789	1,925
	44,556	56,859

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines, geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Reportable segment	
	Infrastructure	
	1H2023	1H2022
	RMB'000	RMB'000
Major products/service lines		
Infrastructure:		
- Sale of goods	20,899	42,383
- Rendering of services	20,868	12,551
	<u>41,767</u>	<u>54,934</u>
Primary geographical markets		
China	41,767	54,934
	<u>41,767</u>	<u>54,934</u>
Timing of revenue recognition		
Products transferred at a point in time	20,899	42,383
Products and services transferred over time	20,868	12,551
Revenue from contracts with customers	<u>41,767</u>	<u>54,934</u>

Note: The above excludes revenue from warehouse, equipment and premise leasing.

5. Other income

	Group	
	1H2023	1H2022
	RMB'000	RMB'000
Interest income – banks	1,403	1,891
Interest income – associated company	428	–
Government grant	–	211
Exchange gain, net	–	69
Gain on disposal of property, plant and equipment, net	–	267
Reversal of provisions	–	629
Others	9	286
	<u>1,840</u>	<u>3,353</u>

6. Finance costs

	Group	
	1H2023	1H2022
	RMB'000	RMB'000
Interest expense – lease liabilities	656	46
Factoring expenses	44	543
Interest expense – related party	70	–
	<u>770</u>	<u>589</u>

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	1H2023	1H2022
	RMB'000	RMB'000
Exchange loss, net	—	—
Change in fair value of financial asset designated as fair value through profit or loss	(316)	(430)
Impairment losses on trade and other receivables and contract assets	—	(136)
Depreciation of property, plant and equipment	(2,958)	(1,168)

8. Tax expense

	Group	
	1H2023	1H2022
	RMB'000	RMB'000
Current tax expense		
Current year	39	2,470

9. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to RMB 9,407,000 (30 June 2022: RMB 541,000) and disposed of assets amounting to Nil (30 June 2022: RMB 597,000).

10. Associated company

	Group	
	30.06.2023	31.12.2022
	RMB'000	RMB'000
Interests in associated company	429,830	417,827
Group's interest in the net assets of investee:		
At beginning of the period/year	417,827	388,739
Dividends declared during the period/year	—	(18,954)
Group's contribution during the period/year	—	18,954
Group's share of other comprehensive (loss)/income	(1,674)	4,062
Group's share of profit	13,677	25,026
At end of the period/year	429,830	417,827

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. Other investment

Equity investments – mandatorily at FVTPL

Financial assets mandatorily at fair value to profit and loss comprise the following:

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong listed equity securities				
China Vanadium Titano-Magnetite Mining Company Limited	1,319	1,635	1,319	1,635

During the interim period, the Group had not disposed any its investments.

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3)

The following table presented the assets measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Group and Company as at 30.6.2023				
Equity investments – mandatorily at FVTPL	1,319	–	–	1,319
Group and Company as at 31.12.2022				
Equity investments – mandatorily at FVTPL	1,635	–	–	1,635

12. Trade receivables and other receivables

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Third parties	7,474	6,140	–	–
Associated company	24,688	44,595	–	–
Bills receivables - associated company	–	6,518	–	–
	32,162	57,253	–	–
Impairment loss	(63)	(63)	–	–
Net	32,099	57,190	–	–

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
Other receivables due from third parties	4,003	3,395	163	219
Amount due from former subsidiary	14,859	14,859	14,859	14,859
Impairment loss	(14,859)	(14,859)	(14,859)	(14,859)
	4,003	3,395	163	219
Amount due from an associated company	429	615	–	–
Loan to an associated company	30,000	20,000	–	–
Loan to third party	–	3,000	–	–
Deposits	55	70	56	70
Financial assets at amortised costs	34,487	27,080	219	289
Prepayments	11,702	9,790	185	185
Net	46,189	36,870	404	474

The movements in allowance for impairment in respect of trade and other receivables and contract assets during the period was as follows:

	Group		Company	
	1H2023	1H2022	1H2023	1H2022
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the period	14,859	14,922	14,859	14,859
Impairment loss	–	136	–	–
At end of the period	14,859	15,058	14,859	14,859

At each reporting date, the Group identifies trade receivables and contract assets that are credit-impaired and measures loss allowance at an amount equal to lifetime expected credit losses (“ECL”) using a provision matrix. There have been no significant changes to the movement in the allowance for impairment loss in respect of trade and other receivables, and contract assets during the period.

13. Cash and cash equivalents

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
- Restricted cash in an Escrowed Account (Note A)	91,698	91,698	–	–
- Cash and bank balances (Note B)	25,340	107,530	66	97,612
Cash and cash equivalents in the statements of financial position	117,038	199,228	66	97,612
Restricted cash in an Escrowed Account (Note A)	(91,698)	(91,698)		
Cash and cash equivalents in the statement of cash flows	25,340	107,530		

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

As disclosed in the Circular dated 9 October 2020, in order for the Company to not be deemed as a cash company under Rule 1018 of the Listing Manual, the Company has voluntarily undertaken to SGX-ST that upon receipt of the full amount of the Sale Consideration from the Investor, the Company will place the Net Proceeds into the Escrow Account as follows:

Note A:

As at 30 June 2023 and 31 December 2022, the remaining 35.7% of the Net Proceeds amounting to RMB91,698,000, being the Tranche 2 Escrowed Sum, has not been included in “cash and cash equivalents” in the consolidated statement of cash flow as the amount is subject to SGX-ST’s approval for the Company to cease such escrow arrangement. Despite which, the amount has been classified as “current” in the consolidated statement of financial position as management is of the view that the financial conditions have been met and approval to cease such escrow arrangement will be obtained in the next 12 months.

In the event that SGX-ST does not approve the cessation of the escrow arrangement as mentioned above before the expiry of three (3) years from the date that the shares in Ranken Railway are registered in the name of the Investor, the Company shall distribute the Tranche 2 Escrow Sum to its Shareholders by way of dividends after a capital reduction exercise (which may not be required) to write off all accumulated losses of the Group after FY2020 (if any).

The SGX-ST will reject the Company’s application to withdraw the Tranche 2 Escrowed Sum if the Company’s latest audited full year consolidated accounts are subject to an adverse opinion, a qualified opinion, a disclaimer of opinion or the Company’s auditors have stated that a material uncertainty related to going concern exists.

Note B:

As at 31 December 2022, “cash and bank balances” includes the Dividend Allocation Sum, being part of the Tranche 1 Escrowed Sum, related to an amount equivalent to 36.3% of the Net Proceeds being RMB93,308,000, which will be allocated for distribution to Shareholders by way of dividends, and has been included as “cash and cash equivalents” in the consolidated statement of cash flows as the amount is held in short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and deemed to be held for the purpose of meeting short-term cash commitments.

On 17 February 2023, the cash distribution of RMB93,254,912 (equivalent to S\$18,586,099) were paid to the shareholders of the Company.

14. Share capital

The Group and the Company	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	No. of ordinary shares ('000)		RMB'000	RMB'000
Issued and paid up:				
At beginning of the period/year	407,590	407,590	466,700	466,700
Capital reduction	—	—	(115,826)	—
At end of the period/year	407,590	407,590	350,874	466,700

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

15. Provisions

The provisions related to (a) guarantee for accounts receivables of an associated company and (b) guarantee and covered guarantee for banking facilities of an associated company. During the six months ended 30 June 2022, the Group reversed provision amount of RMB NIL relating to the guarantee and covered guarantee for banking facilities of an associated company (1H2022: RMB 629,000).

16. Lease liabilities

The Group	30.06.2023 RMB'000	31.12.2022 RMB'000
Undiscounted lease payments due:		
- Later than five years	15,180	15,877
- Later than one year and not later than five years	16,713	16,713
- No later than one year	2,487	3,807
	<u>34,380</u>	<u>36,397</u>
Less: Future interest costs	<u>(7,646)</u>	<u>(8,302)</u>
	<u>26,734</u>	<u>28,095</u>
Represented by:		
- Non-current	25,285	26,390
- Current	1,449	1,705
	<u>26,734</u>	<u>28,095</u>

The lease liabilities relate to right of use assets – premises with carrying value of RMB 23,203,000 as at 30 June 2023 (31 December 2022: RMB 25,034,000)

Other than the above, the Group has no borrowings and debts securities as at 30 June 2023 and 31 December 2022.

17. Trade and other payables

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
Trade payable to third parties	25,578	27,855	–	–
	25,578	27,855	–	–
Other payables				
Amounts due to a subsidiary	–	–	10,005	9,731
Amounts owing to shareholders	9,469	9,469	–	–
Amounts owing to associated company	11,949	–	–	–
Amounts owing to a related company	6,800	–	–	–
Accrued expenses	2,132	7,468	2,066	3,608
Security deposits	501	1,045	–	–
Other payables	6,997	2,588	1,823	468
Financial liabilities at amortised costs	37,848	20,570	13,894	13,807
Other tax payables	2,094	3,964	–	–
	39,942	24,534	13,894	13,807
	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Presented by:				
Current	39,942	24,534	3,889	13,807
Non-current	–	–	10,005	–
	39,942	24,534	13,894	13,807

18. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial Assets				
Equity investments – mandatorily at FVTPL	1,319	1,635	1,319	1,635
Cash and bank balances, trade and other receivables (Amortised cost)	183,624	283,498	219	289
	184,943	285,133	1,538	1,924
Financial Liabilities				
Provisions	7,789	7,789	–	–
Trade and other payables and lease liabilities (Amortised cost)	90,160	76,520	13,894	13,807
	97,949	84,309	13,894	13,807

19. Related party transactions

	Group	
	1H2023 RMB'000	1H2022 RMB'000
Transaction with associated company:		
- Lease revenue	968	1,409
- Sale of goods	20,604	34,184
- Rendering of services	18,006	9,636
- Interest income	428	220
Interest expenses – related party	(70)	–
Expenses incurred for payments to a director	(52)	–

	Group	
	30.06.2023 RMB'000	31.12.2022 RMB'000
Guarantee provided for banking facilities – associated company	–	3,917
Covered guarantee provided for banking facilities – associated company	146,451	135,294

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

20. Subsequent events

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

G. Other information required by Listing Rule Appendix 7.2.

1. Review

The condensed consolidated statement of financial position of Sapphire Corporation Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Review of Condensed interim consolidated statement of profit or loss and other comprehensive income (1H2023 vs 1H2022)

Revenue decrease by RMB 12.3 million to RMB 44.6 million mainly due to lower revenue from sales of goods from supply of construction materials as well as rendering of city urbanization services and lower revenue from lease of equipment.

For the similar reasons mentioned above, gross profit decreased by RMB 8.4 million to RMB 1.1 million.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Other income fell by RMB 1.5 million to RMB 1.8 million mainly due to (a) the absence of gain on disposal of plant and equipment amounting to RMB 0.3 million, (b) absence of reversal of provisions amounting to RMB 0.6 million, (c) absence of government grants amounting to RMB 0.2 million and decrease in interest income from banks amounting to RMB 0.1 million.

Administrative expenses increased by RMB 2.8 million to RMB 8.7 million mainly due to increase staff costs amounting to RMB 2 million at the subsidiaries of the Company and increase in traveling expenses amount to RMB 0.5 million.

Other expenses decreased by RMB 0.9 million to RMB 0.4 million mainly due to decrease in professional fees.

Finance costs increased by RMB 0.2 million to RMB 0.8 million mainly due to higher interest expense for lease liabilities, offset by lower factoring expenses.

Share of profit of equity-accounted investees (net of tax) rose by RMB 6.9 million to RMB 13.7 million, mainly due to higher profits of Ranken Railway and thus the Group's equity-accounting for share of profits.

Tax expenses decreased by RMB 2.4 million to RMB 0.04 million mainly due to lower operating profit during the period.

Given the above, net profit for 1H2023 decreased by RMB 2.7 million to RMB 6.8 million, net of non-controlling interest.

Review of Financial Position (30 June 2023 vs 31 December 2022)

Total non-current assets rose by RMB 18.6 million mainly due to the following significant changes during the period:

- Property, plant and equipment increased by RMB 6.6 million mainly due to increase in construction in progress amounting to RMB 9.5 million, offset by depreciation amounting to RMB 2.9 million during the period; and
- Associated company rose by RMB 12.0 million mainly due to the Group's share of profit of associated company, Ranken Railway.

Total current assets fell by RMB 98.3 million mainly due to the following significant changes during the period:

- Other investment fell by RMB 0.3 million mainly due to decrease in fair value of quoted shares classified as financial assets at fair value;
- Trade receivables fell by RMB 25.1 million mainly due to lower revenue during the period;
- Other receivables rose by RMB 9.3 million mainly due to (a) increase in loans to an associated company amounting to RMB 10 million, (b) increase in prepayments amounting to RMB1.9 million offset by a decrease in loan to an unrelated party amounting to RMB 3.0 million;
- Cash and cash equivalents fell by RMB 82.2 million mainly due to payment of cash distributions to the shareholders of the company due to the Capital Reduction corporate action.

Total non-current liabilities fell by RMB 1.1 million mainly due to the following significant changes during the period:

- Lease liabilities fell by RMB 1.1 million due to repayment during the period.

Total current liabilities rose by RMB 12.9 million mainly due to the following significant changes during the year:

- Trade payables fell by RMB 2.3 million mainly due to a shorter credit period given for purchases of construction materials;

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

- Other payables rose by RMB 15.4 million mainly due to (a) increase in amounts owing to an associated company of RMB 11.9 million, (b) increase in amounts owing to a related company amounting to RMB 6.8 million, offset by a decrease in accrued expenses RMB 5.3 million.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity fell by RMB 91.9 million due to profit for the period of RMB 6.3 million, offset by (a) negative other comprehensive income of RMB 4.9 million and (b) capital reduction of RMB 93.3 million.

Review of Cash Flows (1H2023 vs 1H2022)

Operating profit before working capital changes decreased by RMB 9.4 million to operating loss mainly due to lower profit as well as increase in share of profit of equity-accounted investees (net of tax). The operating cash inflow for 1H2023 of RMB 19.2 million is arrived at after accounting for (i) operating loss before working capital changes of RMB 4.7 million and (ii) net working capital changes of RMB 23.9 million and tax payment of RMB 0.04 million.

Cash flow from investing activities fell by RMB 16.8 million mainly due to (a) payment for purchase of property, plant and equipment and (b) net loan to associated company (Ranken Railway).

Cash outflow from financing activities fell by RMB 87.5 million mainly due to capital reduction paid to shareholders of the Company amounting to RMB 93.3 million offset by cash inflow from proceeds from a related party amounting to RMB 6.8 million.

Given the above, cash and cash equivalents fell by RMB 82.2 million during the period.

- 3(i) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

There was no change in the Company's issued capital since the previous period reported on.

Convertible Securities

The Company has no outstanding convertible securities as at end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

- 3(ii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at end of the immediately preceding year**

	30.06.2023	31.12.2022
Total number of issued shares excluding treasury shares	407,589,893	407,589,893

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

3(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on

The Company did not have any treasury shares as at 30 June 2023 and 31 December 2022.

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

The figures are based on management's records and have not been audited or reviewed by our auditors and may be subject of adjustment.

5 Where the figures have been audited, or reviewed, the auditors' report (including any qualification or emphasis of a matter)

Not applicable.

6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	For the 6 months ended	
	1H2023	1H2022
Basic earnings per share (RMB cents)	1.54	2.26
Diluted earnings per share (RMB cents)	1.54	2.26

The calculation of the above basic earnings per share and diluted earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of shares as detailed below:

	For the 6 months ended	
	1H2023	1H2022
Weighted average number of shares	407,589,893	407,589,893

The weighted average number of shares during the year is the number of shares outstanding at the beginning of the year, adjusted by the number of shares issued during the year multiplied by a time-weighting factor.

The diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive capital instruments.

- 7 Net asset value (for the issuer and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and the immediately preceding financial year**

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Net asset value per ordinary share (RMB cents)	141.93	164.50	87.36	108.47
Number of shares in issue	407,589,893	407,589,893	407,589,893	407,589,893

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

As disclosed in the 1H2022 results announcement on 8 September 2022:

“With a service-centric approach, the Group aims to generate recurring income by providing a comprehensive suite of city redevelopment services.”

The above actual results for 1H2023 are still in progress of meeting the prospect statement target disclosed on 8 September 2022 after the Group’s revenue in 1H2023 fell by RMB 12.3 million to RMB 44.6 million.

- 9 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

China’s GDP experienced a growth rate of 5.5 percent year-on-year in the first half of 2023, one percentage point faster than the first quarter. Total GDP reached RMB 59.3 trillion and in the second quarter, GDP grew by 6.3 percent year-on-year, up from 4.5 percent year-on-year growth in the first quarter.

According to Fitch Ratings, China's GDP growth should still remain above the 2023 government target of 5% as consumption normalises and policy support buttresses infrastructure investment. Urbanization has been charging ahead across China in recent years, raising the rate of urbanization to 64.72 percent in 2022, according to the National Bureau of Statistics. There were 914 million urban residents by the end of 2022, up 12.05 million from a year ago.

As part of its broader efforts to shield its economy against global volatility and promote greater self-reliance, China is looking to accelerate urbanisation and the strategy has been laid out in a set of measures, formulated and issued by the Communist Party of China Central Committee and the State Council in December 2022, aimed at expanding domestic demand between 2023 and 2035.

Aligned with China’s dual circulation strategy, a people-centered approach is adopted in advancing its new urbanisation strategy, where new city clusters are being developed, investing in public services and healthcare in counties, and upgrading infrastructure in bigger cities, such as adding elevators to old apartment buildings as their residents age. The measures singled out the Chengdu-Chongqing city cluster for emphasis, saying its construction will be pushed forward in the years to come.

In terms of development objectives, the Chengdu-Chongqing Economic Circle aims to build itself into a strong twin-city economic circle with distinctive characteristics by 2035. Besides joining the ranks of cosmopolitan cities and fully developing their leading position as world-class advanced manufacturing clusters, the urban system of co-ordinated development in large, medium and small cities within the Chengdu-Chongqing Economic Circle will also be further improved. Infrastructure connectivity is expected to greatly enhance the livelihood of local people. With our strategic base in Chengdu, the Group's business model is aligned towards urbanisation trends in China.

In July 2022, the Chengdu Municipal Bureau of Housing and Urban-rural Development officially issued the "Chengdu "14th Five-Year Plan" Urban Construction Planning Opportunity List, highlighting 60 projects with a total investment of about RMB 372.1 billion. In the list of "urban organic renewal" projects, there are 21 projects in the urban organic renewal project category, involving high-tech zones, Jinjiang District, Wuhou District and other districts (cities) and counties.

In addition, Chengdu is striving to build better "15-minute community life circles", neighbourhoods that enabled its citizens to reach various types of services within a 15-minute walk, such as kindergartens about 100 meters away from residents' homes, parks for a walk after dinner, nearby shopping streets, and cultural exhibitions that are held in almost every block. According to an official with the municipal bureau of housing and urban-rural development in Chengdu, the city has established 227 primary-level cultural facilities to build the "15-minute community life circles," which shall offer not only convenient consumer services, but also accessible cultural experiences for citizens. China's urbanisation has entered a new stage, a key period when the country is transiting rapid development to a mature stage in its urbanisation process. Urbanisation calls for urban renewal in terms of both physical expansion and unlocking of cities' potential, creating opportunities to promote sustainable inner-city development, foster economic growth and meet the diversified demands of different groups.

Urban renewal is economically and socially significant for major Chinese metropolises because it integrates the development of industrialisation, technology applications, agricultural modernisation, and features improved spatial layout, eco-environmental protection and preservation of Chinese cultural heritage. This is particularly important as its population is accelerating towards an elderly society and urban land resources for further development have become finite.

With urban renewal aimed at improving residents' living standards and the quality of a city, we believe that our integrated building estate management services and experience in Public-Private Partnership ("PPP") projects can potentially harness the opportunities from the sizeable improvements in cross-city transit systems, integrated residential-recreational-healthcare-commercial developments, and the adoption of new technologies and renewable energy sources across China.

China has accelerated the building of a green, circular, and low-carbon economy. China's industrial sector plays an important role in its economic growth but it is also a major source of environmental pollution. Given that the industrial sector is primarily located in industrial parks (IPs), greening IPs and transforming them into "eco-industrial parks" (EIP) will be key priorities. As such, the Group is well positioned to harness new business opportunities where the Group can offer integrated building estate management services with water and environmental conservation solutions, given our track record in water and environmental conservation projects.

With a service-centric approach, the Group aims to generate recurring income by providing a comprehensive suite of services related to urbanisation trends, focusing on city redevelopment and eco-industrial parks.

10 Dividend

(a) Current Financial Period Reported on – any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year – any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

11 If no dividend has been declared/recommendeded, a statement to that effect and the reasons for the decision

No dividend has been declared/recommendeded in the current period.

The Group does not have a dividend policy at present. The Board has considered the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth for the decision.

12 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 30 June 2023

There was no such interested person transaction in the current period reported on.

13 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wang Heng
Group Chief Executive Officer
14 August 2023

Cheung Wai Suen
Executive Chairman
14 August 2023