



**SAPPHIRE CORPORATION LIMITED**  
**REGISTRATION NUMBER: 198502465W**

**UNAUDITED CONDENSED INTERIM FINANCIAL  
STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group 1H2020				Change %
		1H2021 RMB'000	Continuing operations RMB'000	Discontinued operations RMB'000	Total RMB'000	
Revenue	4.2	30,539	4,141	636,535	640,676	(95.2)
Cost of sales		(24,538)	(2,167)	(590,270)	(592,437)	(95.9)
Gross profit		6,001	1,974	46,265	48,239	(87.6)
Other income	5	4,105	438	4,352	4,790	(14.3)
Selling and distribution expenses		—	—	(4,911)	(4,911)	NM
Administrative expenses		(7,025)	(3,374)	(20,019)	(23,393)	(70.0)
Other expenses		(754)	(1,090)	(3,175)	(4,265)	(82.3)
<b>Profit/(loss) from operating activities</b>		<b>2,327</b>	<b>(2,052)</b>	<b>22,512</b>	<b>20,460</b>	<b>(88.6)</b>
Finance costs	6	(1,117)	(11)	(9,483)	(9,494)	(88.2)
Share of profit of associated company		4,653	—	1,413	1,413	229.3
<b>Profit/(loss) before tax</b>	7	<b>5,863</b>	<b>(2,063)</b>	<b>14,442</b>	<b>12,379</b>	<b>(52.6)</b>
Tax expense	8	(931)	(44)	(2,034)	(2,078)	(55.2)
<b>Profit/(loss) for the period</b>		<b>4,932</b>	<b>(2,107)</b>	<b>12,408</b>	<b>10,301</b>	<b>(52.1)</b>
<b>Other comprehensive income</b>						
Items that are or may be reclassified to profit or loss in subsequent periods (net of tax):						
Foreign currency translation differences		127			(30)	NM
Share of other comprehensive income of an associated company		488			—	NM
<b>Total other comprehensive income for the period</b>		<b>615</b>			<b>(30)</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>		<b>5,547</b>			<b>10,271</b>	
<b>Profit attributable to:</b>						
Owners of the Company		4,711			9,980	(52.8)
Non-controlling interests		221			321	(31.2)
<b>Profit for the period</b>		<b>4,932</b>			<b>10,301</b>	
<b>Total comprehensive income attributable to:</b>						
Owners of the Company		5,326			9,950	(46.5)
Non-controlling interest		221			321	(31.2)
<b>Total comprehensive income for the period</b>		<b>5,547</b>			<b>10,271</b>	
<b>Earnings per share for profit for the period attributable to the owners of the Company:</b>						
Basic (RMB in cent)		1.16			2.45	(52.7)
Diluted (RMB in cent)		1.16			2.45	(52.7)

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**B. Condensed interim statements of financial position**

		Group		Company	
	Note	30.06.2021 RMB'000	31.12.2020 RMB'000	30.06.2021 RMB'000	31.12.2020 RMB'000
<b>Assets</b>					
Property, plant and equipment	9	34,232	32,404	47	56
Subsidiaries		—	—	418,480	430,472
Associated company		349,923	344,782	—	—
Restricted cash	10	91,698	35,698	—	—
<b>Total non-current assets</b>		<b>475,853</b>	<b>412,884</b>	<b>418,527</b>	<b>430,528</b>
Other investment	11	3,285	2,316	3,285	2,316
Inventories		1,047	1,517	—	—
Contract assets	12	564	6,271	—	—
Trade receivables	12	9,917	18,565	—	—
Other receivables	12	36,070	119,526	257	424
Cash and cash equivalents		126,495	170,909	74	214
<b>Total current assets</b>		<b>177,378</b>	<b>319,104</b>	<b>3,616</b>	<b>2,954</b>
<b>Total assets</b>		<b>653,231</b>	<b>731,988</b>	<b>422,143</b>	<b>433,482</b>
<b>Equity</b>					
Share capital		466,700	466,700	466,700	466,700
Reserves		144,370	139,044	(53,359)	(40,280)
Equity attributable to owners of the Company		611,070	605,744	413,341	426,420
Non-controlling interests		12,116	11,895	—	—
<b>Total equity</b>		<b>623,186</b>	<b>617,639</b>	<b>413,341</b>	<b>426,420</b>
<b>Liabilities</b>					
Provisions	13	6,017	6,517	—	—
<b>Total non-current liabilities</b>		<b>6,017</b>	<b>6,517</b>	<b>—</b>	<b>—</b>
Trade payables	14	6,562	18,058	—	—
Other payables	14	16,745	70,416	8,802	7,062
Current tax liabilities		721	19,358	—	—
<b>Total current liabilities</b>		<b>24,028</b>	<b>107,832</b>	<b>8,802</b>	<b>7,062</b>
<b>Total liabilities</b>		<b>30,045</b>	<b>114,349</b>	<b>8,802</b>	<b>7,062</b>
<b>Total equity and liabilities</b>		<b>653,231</b>	<b>731,988</b>	<b>422,143</b>	<b>433,482</b>

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

## C. Condensed interim consolidated statement of cash flows

	Group	
	1H2021	1H2020
	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before tax	5,863	12,379
Adjustments for:		
Depreciation of property, plant and equipment	1,298	14,764
Amortisation of investment properties	—	1,205
Gain on disposal of property, plant and equipment, net	—	(312)
Change in fair value of financial asset designated as fair value through profit or loss	(1,045)	949
Reversal of impairment loss on trade and other receivables and contract assets	(44)	—
Reversal of provisions	(500)	—
Interest income	(2,375)	(207)
Interest expense	1,117	9,494
Share of profit of equity-accounted investees (net of tax)	(4,653)	(1,413)
<b>Operating (loss)/profit before working capital changes</b>	<b>(339)</b>	<b>36,859</b>
Changes in working capital:		
Inventories	470	11,171
Contract assets	5,752	47,198
Contract liabilities	—	(71,833)
Trade and other payables	(12,630)	(242,728)
Trade and other receivables	5,596	137,962
<b>Cash flows used in operations</b>	<b>(1,151)</b>	<b>(81,371)</b>
Tax paid	(2,635)	(5,929)
<b>Net cash used in operating activities</b>	<b>(3,786)</b>	<b>(87,300)</b>
<b>Investing activities</b>		
Interest received	345	207
Payment for purchase of plant and equipment	(3,126)	(3,961)
Proceeds from disposal of plant and equipment	—	10,366
Payment for disposal of subsidiaries (tax paid)	(16,933)	—
Remaining Tranche 2 proceeds received from the disposal of a subsidiary (see Note A below)	56,000	—
Transfer to Escrow Accounts (see Note A below)	(56,000)	—
Loan to an associated company (Note 12)	(20,000)	—
<b>Net cash (used in)/generated from investing activities</b>	<b>(39,714)</b>	<b>6,612</b>
<b>Financing activities</b>		
Interest paid	—	(7,603)
Factoring expenses paid	(1,117)	—
Proceeds from bank loans	—	49,000
Payment of bank loans	—	(40,000)
Proceeds from refinancing of lease liabilities	—	47,000
Payment of finance lease liabilities	—	(28,032)
(Placement)/withdrawal of fixed deposit pledged, net	—	(3,500)
<b>Net cash (used in)/generated from in financing activities</b>	<b>(1,117)</b>	<b>16,865</b>

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	Group	
	1H2021	1H2020
	RMB'000	RMB'000
<b>Net decrease in cash and cash equivalents</b>	(44,617)	(63,823)
Cash and cash equivalents at beginning of the period	170,909	169,341
Effect of exchange rate changes on the balances held in foreign currencies	203	45
Cash and cash equivalents classified as held for sale	–	(104,074)
<b>Cash and cash equivalents at end of the period</b>	<b>126,495</b>	<b>1,489</b>

**Significant non-cash transaction**

*An amount of RMB 52,537,000 being amount due to associated company was offset against amount due from the same associated company (Ranken Railway) during the period.*

Note:

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:

- (A) the remaining 35.7% of the Net Proceeds amounting to RMB 91,698,000 (of which RMB 56,000,000 was received in 1H2021), being the Tranche 2 Escrowed Sum, until (i) certain financial conditions are met and subject to SGX-ST's approval for the Company to cease such escrow arrangement. These are not included in "cash and cash equivalents" but classified as "restricted cash" under "non-current portion" in the consolidated statement of financial position as the amount has to be held in escrow in the Escrow Account until certain financial conditions are met and subject to SGX-ST's approval for the Company to cease such escrow arrangement, which is expected to be more than 12 months; and
- (B) the Dividend Allocation Sum, being part of the Tranche 1 Escrowed Sum relates to an amount equivalent to 36.3% of the Net Proceeds being RMB 93,308,000, which will be allocated for distribution to Shareholders by way of dividends and is included in "cash and cash equivalents".

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 Escrowed 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.

## D. 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
<b>The Group</b>									
<b>2021</b>									
<b>Balance at 1 January 2021</b>	466,700	(7,585)	(14,205)	(8,968)	1,253	168,549	605,744	11,895	617,639
Profit for the period	–	–	–	–	–	4,711	4,711	221	4,932
Foreign currency translation differences	–	–	–	–	127	–	127	–	127
Share of other comprehensive income of associated company	–	–	–	–	488	–	488	–	488
Total other comprehensive income	–	–	–	–	615	–	615	–	615
Total comprehensive income for the financial period	–	–	–	–	615	4,711	5,326	221	5,547
<b>Balance at 30 June 2021</b>	<b>466,700</b>	<b>(7,585)</b>	<b>(14,205)</b>	<b>(8,968)</b>	<b>1,868</b>	<b>173,260</b>	<b>611,070</b>	<b>12,116</b>	<b>623,186</b>
<b>2020</b>									
<b>Balance at 1 January 2020</b>	466,700	(7,585)	(14,205)	(8,968)	4,559	139,219	579,720	10,906	590,626
Profit for the period	–	–	–	–	–	9,980	9,980	321	10,301
Foreign currency translation differences	–	–	–	–	(30)	–	(30)	–	(30)
Total comprehensive income for the financial period	–	–	–	–	(30)	9,980	9,950	321	10,271
<b>Balance at 30 June 2020</b>	<b>466,700</b>	<b>(7,585)</b>	<b>(14,205)</b>	<b>(8,968)</b>	<b>4,529</b>	<b>149,199</b>	<b>589,670</b>	<b>11,227</b>	<b>600,897</b>

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
<b>2021</b>							
<b>Balance at 1 January 2021</b>	466,700	(8,294)	(14,205)	(8,968)	11,179	(19,992)	426,420
Loss for the period	—	—	—	—	—	(1,213)	(1,213)
Foreign currency translation differences	—	—	—	—	(11,866)	—	(11,866)
Total comprehensive income for the financial period	—	—	—	—	(11,866)	(1,213)	(13,079)
<b>Balance at 30 June 2021</b>	466,700	(8,294)	(14,205)	(8,968)	(687)	(21,205)	413,341
<b>2020</b>							
<b>Balance at 1 January 2020</b>	466,700	(8,294)	(14,205)	(8,968)	32,254	(4,831)	462,656
Loss for the period	—	—	—	—	—	(2,115)	(2,115)
Foreign currency translation differences	—	—	—	—	(9,408)	—	(9,408)
Total comprehensive income for the financial period	—	—	—	—	(9,408)	(2,115)	(11,523)
<b>Balance at 30 June 2020</b>	466,700	(8,294)	(14,205)	(8,968)	22,846	(6,946)	451,133

## **E. 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 the six months ended 30 June 2021 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 associates are set out in Notes 7 and 8 respectively in the FY2020 Annual Report. There are no significant changes of principal activities for the half year ended 30 June 2021.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

The application of the above amendments to standards and interpretations is not expected to have a material effect on the consolidated financial statements of the Group and of the Company for the year ending 31 December 2021.



## 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 2020.

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) Revenue recognition for construction contracts

The Group contracts with customers to carry out construction services according to plans and specifications set out in the contract. The analysis of whether the contract comprises one or more performance obligations, determining whether the performance obligations are satisfied over time and the method used to measure progress for revenue recognition (where performance obligations are satisfied over time), represent areas requiring critical judgement exercised by the Group.

Revenue recognition on an uncompleted construction contract is dependent on estimating the total revenue of the construction contract. The Group has applied certain assumptions used to measure the variable considerations, which include discounts and liquidated damages included in the transaction price.

Variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved. Constrained variable consideration is excluded from revenue recognised at each reporting date. Actual outcomes in terms of total revenue maybe higher or lower than estimated at reporting date, which would affect the level of revenue recognised in the current and future years.

(iii) Measure of allowance for onerous contracts

As the Group is unable to voluntarily terminate the construction contracts, any allowance for onerous contracts is estimated after taking into account estimated transaction prices and estimated total construction costs. The estimated transaction prices are based on contract amount adjusted for any possible variation orders. The estimated total construction costs are based on constructed amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. Any changes in estimates would affect the amount of provision for onerous contracts recognised in the current financial year. As 30.6.2021 and 31.12.2020, the Group's significant associated company has recorded provision for onerous contracts on 3 and 2 construction projects amounting to RMB 1.3 million and RMB 1 million, respectively.

(iv) 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 30.6.2021 and 31.12.20, the Group has received RMB 280 million and RMB 224 million, respectively 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. The amount is currently held in escrow in the Escrow Account.

As at 30.6.2021 and 31.12.20, another amount of approximately RMB 91.7 million and RMB 35.7 million respectively, being the remaining 35.7% of the Tranche 2 Escrow Sum amounting to RMB 91.7 million, is classified under "non-current portion" in the consolidated statement of financial position as the amount has to be held in escrow in the Escrow Account until certain financial conditions are met and subject to SGX-ST's approval for the Company to cease such escrow arrangement, which is expected to be more than 12 months.

(v) 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 2021 is RMB 0.7 million (31.12.2020 – RMB 19.4 million).

(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) Estimation of total contract costs for construction contracts

Post disposal, Ranken Group changed its basis for measuring the progress of a revenue contract from the output method to the input method. There is an increase in the level of estimation uncertainty in determining the total estimated construction contract costs for ongoing contracts as at the reporting date arising from volatile economic conditions brought on by the COVID-19 pandemic. Management has made necessary revisions to the budgeted project costs as provided by the project quantity surveyors due to the impact of COVID-19.

For the period ended 30.6.2021, if the estimated total contract sum decreases by 5% from management's estimates, the Group's share of profit in Ranken Group will increase by approximately RMB 2.1 million. If the remaining estimated contract costs increase by 5% from management's estimate, the Group's share of profit will decrease by approximately RMB 2.1 million.

(iii) 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 and contract assets 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 3.7 million and RMB 26,000 respectively on the Group's and the Company's trade and other receivables and contract assets.

### 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 2020, the Group has only one reportable segment, the infrastructure segment. Upon completion of the Transaction (detailed on page 21), the Company continues to be an investment management and holding company with a business model aligned towards urbanisation trends. The Group continues to be principally engaged in the investment, engineering, procurement and construction business related to the land transport infrastructure and water conservancy and environmental projects in China.

Under the infrastructure segment, the Group now has two operating business units and an investment holding company. One of the operating business units is involved in the leasing of warehouse and equipment and supply of materials for urbanisation projects undertaken by Sichuan Yilong Equipment Co., Ltd. ("Yilong") and the other operating business unit is involved in the business of building estate management undertaken by Chengdu Shengshi Jialong City Management Service Co., Ltd. (Formerly known as Chengdu Jialong Property Service Co., Ltd.) ("Jialong"). The investment holding company is undertaken by Chengdu Kai Qi Rui Business Management Co., Ltd. ("Chengdu KQR").

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. For the year 2020, unallocated items comprise mainly the Company's performance and assets, whereas after the disposal of Ranken Railway, in year 2021, unallocated items comprise both the Company's and Ranken Holding Co., Limited's performance and assets. In year 2021, the performance of the infrastructure segment represents that of Chengdu Kai Qi Rui Business Management Co., Ltd. and its subsidiaries and an associated company.

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	Infrastructure				1H2020
	1H2021				
	Jialong	Yilong	Chengdu KQR	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	2,387	28,152	—	30,539	640,676
Interest income	2	11	2,362	2,375	207
Factoring/interest expenses	—	(1,117)	—	(1,117)	(9,486)
Depreciation and amortization	(19)	(1,270)	(1)	(1,290)	(14,678)
Share of profit of associated company	—	—	4,653	4,653*	1,413
Reportable segment profit/(loss) before Tax	(1,567)	3,721	6,478	8,632*	14,090
Reportable segment assets	4,202	80,718	564,595	649,515	1,919,664
Capital expenditure	844	2,282	—	3,126	3,961
Reportable segment liabilities	3,229	6,037	46,997	56,263	1,317,679

\* The reportable segment profit before tax of RMB 8,632,000 includes RMB 4,653,000 share of profit of associated company (Ranken Railway). Excluding the share of profit of associated company, the profit before tax of Chengdu KQR is RMB 3,979,000 and it represents 67.9% of the Group's profit before tax of RMB 5,863,000.

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

	1H2021 RMB'000	1H2020 RMB'000
<b>Revenue</b>		
Total revenue for reportable segments	30,539	640,676
<b>Profit or loss</b>		
Total profit before tax for reportable segments	8,632	14,090
Unallocated amounts:		
- Other income	1,102	118
- Other expense	(3,871)	(1,829)
- Tax expense	(931)	(2,078)
Consolidated profit for the year	4,932	10,301
<b>Assets</b>		
Total assets for reportable segments	649,515	1,919,664
Elimination of inter-segment assets	–	(611)
Other unallocated amounts	3,716	2,347
Consolidated total assets	653,231	1,921,400
<b>Liabilities</b>		
Total liabilities for reportable segments	56,263	1,317,679
Elimination of inter-segment liabilities	(38,478)	–
Other unallocated amounts	12,260	2,824
Consolidated total liabilities	30,045	1,320,503

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	Reportable segment total RMB'000	Unallocated amounts RMB'000	Consolidated total RMB'000
<b>Other material items 1H2021</b>			
Interest income	2,375	–	2,375
Factoring expenses	(1,117)	–	(1,117)
Depreciation and amortization	(1,290)	(8)	(1,298)
Capital expenditure	3,126	–	3,126

<b>Other material items 1H2020</b>			
Interest income	207	–	207
Interest expenses	(9,486)	(8)	(9,494)
Depreciation and amortisation	(14,678)	(86)	(14,764)
Capital expenditure	3,961	–	3,961

**Geographical information**

	Revenue		Non-current assets	
	1H2021 RMB'000	1H2020 RMB'000	1H2021 RMB'000	1H2020 RMB'000
Singapore	–	–	47	130
China	30,539	636,374	475,806	24,709
Sri Lanka	–	4,302	–	–
<b>Total</b>	<b>30,539</b>	<b>640,676</b>	<b>475,853</b>	<b>24,839</b>

**4.2 Revenue**

	Group	
	1H2021 RMB'000	1H2020 RMB'000
Revenue from contracts with customers	23,439	637,807
Warehouse and equipment leasing	7,100	2,869
	<b>30,539</b>	<b>640,676</b>

**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	
	1H2021 RMB'000	1H2020 RMB'000
<b>Major products/service lines</b>		
Infrastructure:		
- Sale of goods	21,043	–
- Rendering of services	2,396	17,604
- Construction contracts	–	620,203
	<b>23,439</b>	<b>637,807</b>

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	Reportable segment Infrastructure	
	1H2021 RMB'000	1H2020 RMB'000
<b>Primary geographical markets</b>		
China	23,439	633,505
Sri Lanka	–	4,302
	<u>23,439</u>	<u>637,807</u>
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	21,043	–
Products and services transferred over time	2,396	637,807
Revenue from contracts with customers	<u>23,439</u>	<u>637,807</u>

Note: The above excludes revenue from equipment leasing.

**5. Other income**

	1H2021 RMB'000	Group		Total RMB'000
		Continuing operations RMB'000	Discontinued operations RMB'000	
Interest income – banks	2,375	1	206	207
Rental income	–	–	2,147	2,147
Government grant	40	–	1,094	1,094
Exchange (loss)/gain, net	–	–	748	748
Change in fair value of financial asset designated as fair value through profit or loss	1,045	–	–	–
Gain on disposal of property, plant and equipment, net	–	312	–	312
Reversal of impairment loss on trade and other receivables and contract assets	44	–	–	–
Reversal of provisions	500	–	–	–
Others	101	125	157	282
	<u>4,105</u>	<u>438</u>	<u>4,352</u>	<u>4,790</u>

**6. Finance costs**

	1H2021 RMB'000	Group		Total RMB'000
		Continuing operations RMB'000	Discontinued operations RMB'000	
Interest expense – banks and financing institution	–	4	7,635	7,639
Interest expense – lease liabilities	–	7	1,848	1,855
Factoring expenses	1,117	–	–	–
	<u>1,117</u>	<u>11</u>	<u>9,483</u>	<u>9,494</u>

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**7. Profit/(loss) before tax**

The following items have been included in arriving at profit/(loss) before tax:

	1H2021	Group		
		Continuing	Discontinued	
	RMB'000	operations	operations	Total
		RMB'000	RMB'000	RMB'000
Exchange loss, net	(73)	–	–	–
Change in fair value of financial asset designated as fair value through profit or loss	–	(949)	–	(949)
Depreciation of property, plant and equipment	(1,298)	(805)	(13,959)	(14,764)
Depreciation of investment properties	–	–	(1,205)	(1,205)

**8. Tax expense**

	1H2021	Group		
		Continuing	Discontinued	
	RMB'000	operations	operations	Total
		RMB'000	RMB'000	RMB'000
<b>Current tax expense</b>				
Current year	931	44	1,947	1,991
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	–	–	87	87
	931	44	2,034	2,078

**9. Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to RMB 3,126,000 (30 June 2020: RMB3,961,000) and disposed of assets amounting to Nil (30 June 2020: RMB 10,054,000).

**10. Restricted cash**

Restricted cash relates to 35.7% of the Net Proceeds amounting to RMB 91,698,000, being the Tranche 2 Escrowed Sum, until certain financial conditions are met and subject to SGX-ST's approval for the Company to cease such escrow arrangement. These are not included in "cash and cash equivalents" but classified as "restricted cash" under "non-current portion" in the consolidated statement of financial position as the amount has to be held in escrow in the Escrow Account until certain financial conditions are met and subject to SGX-ST's approval for the Company to cease such escrow arrangement, which is expected to be more than 12 months.



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**11. Other investment**

**Equity investments – mandatorily at FVTPL**

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

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Hong Kong listed equity securities</b>				
China Vanadium Titano-Magnetite Mining Company Limited	3,285	2,316	3,285	2,316

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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Group and Company as at 30.6.2021</b>				
Equity investments – mandatorily at FVTPL	3,285	–	–	3,285
<b>Group and Company as at 31.12.2020</b>				
Equity investments – mandatorily at FVTPL	2,316	–	–	2,316

**12. Contract assets, trade receivables and other receivables**

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Contract assets</b>				
Gross	564	6,316	—	—
Impairment loss	—	(45)	—	—
Net	564	6,271	—	—

<b>Trade receivables</b>				
Gross	9,917	18,566	—	—
Impairment loss	—	(1)	—	—
Net	9,917	18,565	—	—

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other receivables</b>				
Other receivables due from third parties	7,075	7,546	140	139
Amount due from a former subsidiary	15,571	15,571	15,571	15,571
Loan to an associated company <sup>(a)</sup>	20,000	—	—	—
Impairment loss	(15,581)	(15,579)	(15,571)	(15,571)
	27,065	7,538	140	139
Other tax recoverable		90		90
Amount due from an associated company	—	52,682	—	—
Amount receivable for the disposal of subsidiaries	—	56,000	—	—
Deposits	46	47	46	47
Prepayments	8,959	3,169	71	148
Net	36,070	119,526	257	424

Note (a): Loan to an associated company relates to loan to Ranken Railway which bears interest at 4.35% per annum. This was subsequently accounted for as cash injection for increased paid-up capital of Ranken Railway subsequent to year end (see Note 18).

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

	Group		Company	
	1H2021 RMB'000	1H2020 RMB'000	1H2021 RMB'000	1H2020 RMB'000
At beginning of the period	15,625	33,354	15,571	6,121
Reversal of impairment loss	(44)	–	–	–
At end of the period	15,581	33,354	15,571	6,121

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. Provisions

The provisions related to (a) guarantee for accounts receivables of an associated company and (b) guarantee for banking facilities of an associated company. During the six months ended 30 June 2021, the Group reversed provision amount of RMB 500,000 relating to the guarantee for banking facilities of an associated company (1H 2020: Nil).

### 14. Trade and other payables

	Group		Company	
	30.06.2021 RMB'000	31.12.2020 RMB'000	30.06.2021 RMB'000	31.12.2020 RMB'000
<b>Trade payables</b>				
Trade payable to third parties	6,562	18,058	–	–
	6,562	18,058	–	–
<b>Other payables</b>				
Other payable to third parties	15,112	13,015	3,427	4,245
Amount due to a subsidiary	–	–	4,331	1,590
Amount due to an associated company	–	52,537	–	–
Employees benefits	1,402	4,830	1,044	1,227
Other tax payables	231	34	–	–
	16,745	70,416	8,802	7,062

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**15. 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 2021 and 31 December 2020:

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Financial Assets</b>				
Equity investments – mandatorily at FVTPL	3,285	2,316	3,285	2,316
Cash and bank balances and trade and other receivables (Amortised cost) <sup>(1)</sup>	255,221	341,529	260	490
	<u>258,506</u>	<u>343,845</u>	<u>3,545</u>	<u>2,806</u>
<b>Financial Liabilities</b>				
Trade and other payables (Amortised cost)	23,307	88,474	8,802	7,062
	<u>23,307</u>	<u>88,474</u>	<u>8,802</u>	<u>7,062</u>

(1) Excludes prepayments

**16. Borrowing and debts securities**

The Group has no borrowings and debts securities as at 30 June 2021 and 31 December 2020.

**17. Related party transactions**

	<b>Group</b>	
	<b>1H2021</b>	<b>1H2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Transaction with associated company:		
- Revenue from construction contracts	–	155,691
- Lease revenue	6,507	–
- Sale of goods	17,357	–
- Interest income	220	–
Expenses incurred for legal fees where a director is a partner of the legal firm	<u>99</u>	<u>74</u>

	<b>Group</b>	
	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Guarantee provided for banking facilities – associated company	<u>123,000</u>	<u>148,000</u>

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

#### 18. Subsequent events

As announced on 1 March 2022, the Group's indirectly-owned subsidiary, Chengdu Kai Qi Rui Business Management Co., Ltd. ("Chengdu KQR"), has increased the paid-up capital of Company's indirectly-owned associate company, Ranken Railway Construction Group Co., Ltd. ("Ranken Railway"), from RMB 245,026,942 to RMB 277,309,348 by way of capitalisation of dividends of RMB 12,282,406 distributed by Ranken Railway and RMB 20,000,000 via cash injection from internal resources, in total of RMB 32,282,406 ("Increase in Share Capital").

The Executive Chairman of the Group, Mr Cheung Wai Suen, and Shandong Hi-Speed Road & Bridge Investment Management Co., Ltd has proportionately increased their investment in Ranken Railway in the same manner mentioned above and the percentage of shareholdings by Chengdu KQR in Ranken Railway remains the same after the Increase in Share Capital.

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

**F. 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 2021 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 (1H2021 vs 1H2020)**

*Note: On 27 October 2020, Chengdu Kai Qi Rui Business Management Co., Ltd. ("Chengdu KQR") completed the transaction with Shandong Hi-Speed Road & Bridge Investment Management Co., Ltd. ("Investor"), for the (a) sale of a certain percentage of the equity interests in Ranken Railway held by Chengdu KQR to the Investor ("Sale"); and (b) subscription by the Investor for additional equity interests in Ranken Railway ("Subscription". and collectively with the Sale, the "Transaction").*

*Upon completion of the Transaction, each of the Investor and Chengdu KQR now holds approximately 49.82% of the enlarged equity capital of Ranken Railway, with the remaining equity interests in Ranken Railway continuing to be held by Mr. Cheung Wai Suen ("Mr. Cheung"), the Executive Chairman of the Company. Accordingly, upon completion of the Transaction, Ranken Railway ceased to be a subsidiary of the Company and become an "associated company" of the Group as defined under the Listing Manual, with the Company's effective interest in Ranken Railway reduced from 97.60% to 48.82%.*

*The Transaction excludes the Carved-out Assets of Sichuan Yilong Equipment Co., Ltd.) and Chengdu Shengshi Jialong City Management Service Co., Ltd. (Formerly known as Chengdu Jialong Property Service Co., Ltd.).*

*Ranken Railway had undergone an internal restructuring ("restructuring") prior to Completion of the Transaction such that SYE and CIPS became subsidiaries of Chengdu KQR post-Transaction.*

***Accordingly, significant changes in profit or loss during the financial year under review were mainly attributed to the completion of the Transaction as detailed above, Ranken Railway ceased to be a subsidiary of the Company and become an "associated company" of the Group.***

Revenue fell by RMB 610.1 million to RMB 30.5 million mainly due to the disposal of Ranken Railway which was completed on 27 October 2020. Whilst revenue from construction contracts is zero in 1H2021 arising from the disposal, the Group recorded higher revenue from warehouse and equipment leasing as well as sales of goods from supply of materials to Ranken Railway and supply of highway safety guardrails to a third party. Revenue from property management and consulting services also improved with new revenue stream from the businesses of operating and managing the water and environmental conservation projects for the Liveable River Bank PPP Project undertaken by Ranken Railway's associated company, Chengdu Derun Jinlong Environmental Management Co., Ltd.

For the similar reasons mentioned above (mainly the disposal of Ranken Railway), gross profit fell by RMB 42.2 million to RMB 6.0 million.

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Other income fell by RMB 0.7 million to RMB 4.1 million mainly due the disposal of Ranken Railway offset by a gain in fair value of financial asset, reversal of provision for guarantee of banking facilities of an associated company and higher interest income during 1H2021. The reversal of provision for guarantee was mainly due to lower amount of guaranteed loans and borrowings of the associated company.

Selling and distribution is zero for 1H2021 due the disposal of Ranken Railway.

Administrative expenses fell by RMB 16.3 million to RMB 7.1 million mainly due the disposal of Ranken Railway.

Other expenses fell by RMB 3.5 million to RMB 0.8 million mainly due the disposal of Ranken Railway and absence of loss in fair value of financial asset.

Finance costs fell by RMB 8.4 million to RMB 1.1 million mainly due to disposal of Ranken Railway. The Group does not have any loan and borrowings for the six months ended 30 June 2021, however incurred factoring expenses for operating cashflow requirement.

Share of profit of equity-accounted investees (net of tax) rose by RMB 3.2 million to RMB 4.6 million, mainly due to the equity-accounting for share of profits of Ranken Railway, where in 1H2021 the share of profit related to that of the share of profits generated by Ranken Railway's associated company, Chengdu Derun Jinlong Environmental Management Co., Ltd.

Tax expenses fell by RMB 1.1 million to RMB 0.9 million mainly due lower operating profit during the period.

Given the above, net profit for 1H2021 fell by RMB 5.3 million to RMB 4.7 million, net of non-controlling interest.

**Review of Financial Position (30 June 2021 vs 31 December 2020)**

Total non-current assets rose by RMB 63.0 million mainly due to the following significant changes during the period:

- Property, plant and equipment rose by RMB 1.8 million mainly due to acquisition offset by depreciation during the period;
- Associated company rose by RMB 5.1 million mainly due to the Group's share of profit and other comprehensive income of associated company, Ranken Railway; and
- Restricted cash rose by RMB 56.0 million mainly due to the receipt of the remaining sum from the disposal of Ranken Railway during the period.

Total current assets fell by RMB 141.7 million mainly due to the following significant changes during the period:

- Other investment rose by RMB 1.0 million mainly due to increase in fair value of quoted shares classified as financial assets at fair value;
- Inventories fell by RMB 0.5 million mainly due to the amortisation of the reusable materials;
- Contract assets and trade receivables fell by total of RMB 14.4 million mainly due to billing made and receipt during the period;
- Other receivables fell by RMB 83.5 million mainly to (a) the offset of amount due from Ranken Railway against other payable to Ranken Railway and (b) receipt of remaining sales proceeds of RMB 56.0 million from the Investor, (c) offset by increase in loan to an associated company (Ranken Railway) of RMB 20.0 million for purpose of funding provided to Ranken Railway for operating purposes where the investor has also provided a similar amount of funding to Ranken Railway.
- Cash and cash equivalents fell by RMB 44.4 million mainly due to cash outflow from operating and investing activities.

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Total non-current liabilities relate to provisions and fell by RMB 0.5 million mainly due to the reversal of provision for guarantee of banking facilities of an associated company, in line with lower amount of guaranteed loans and borrowings of the associated company.

Total current liabilities fell by RMB 83.8 million mainly due to the following significant changes during the year:

- Trade payables fell by RMB 11.5 million mainly due to a shorter credit period given for purchases of construction materials;
- Other payables fell by RMB 53.7 million mainly due to the offset of payable to Ranken Railway against other receivable from Ranken Railway; and
- Current tax liabilities fell by RMB 18.6 million mainly due to payment during the period.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 5.3 million due to profit for the year of RMB 4.7 million and other comprehensive income of RMB 0.6 million.

**Review of Cash Flows (1H2021 vs 1H2020)**

Operating cash outflow reduced by RMB 83.5 million mainly due to the disposal of Ranken Railway. The operating cash outflow for 1H2021 of RMB 3.8 million is arrived at after accounting for (a) operating loss before working capital changes of RMB 0.3 million and (ii) net working capital changes of RMB 0.8 million and tax payment of RMB 2.6 million.

Cash used in investing activities fell by RMB 46.3 million to cash outflows of RMB 39.7 million mainly due to (a) the absence of proceeds from disposal of plant and equipment (b) payment of tax in relation to the disposal of subsidiaries and (c) loan to associated company (Ranken Railway).

Cash flows from financing activities fell by RMB 18.0 million to outflow of RMB 1.1 million mainly due to the absence of net proceeds from bank loans and refinancing of lease liabilities. The financing cash outflow for 1H2021 relates to payment for factoring expenses.

Given the above, cash and cash equivalents fell by RMB 44.6 million.

- 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.



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- 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

	30.06.2020	31.12.2020
Total number of issued shares excluding treasury shares	407,589,893	407,589,893

- 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

There were no treasury shares as at end of the current financial year.

- 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	
	1H2021	1H2020
Basic earnings per share (RMB cents)	1.16	2.45
Diluted earnings per share (RMB cents)	1.16	2.45

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	
	1H2021	1H2020
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.

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- 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	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Net asset value per ordinary share (RMB cents)	149.92	148.62	101.41	104.62
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 FY2020 results announcement on 1 March 2021:

“Since 2016, Yilong has been undertaking the business of sale of construction materials with a primary focus on the sale of railway sleepers. Yilong has secured a contract of an aggregate value of RMB500 million to provide supply materials to Ranken Railway on a project basis.

The revenue from the contract with Ranken Railway is expected to accrue to Yilong from FY2020/2021 to FY2024/2025, subject to, inter alia, the order books of Ranken Railway and the financial position of Yilong to supply such materials.

In addition, Yilong has also entered into a supply agreement dated 8 June 2020 with Sichuan Xinanda Transport Facilities Engineering Co., Ltd (“Sichuan Xinanda”), to supply highway safety guardrails with a total contract value of RMB150 million. The revenue from the contract with Sichuan Xinanda is expected to accrue to Yilong from FY2020 (and has been accruing) to FY2022/2023.

Separately, as a BEM service provider, Jialong has been receiving property management services fee and seek to further secure recurring income by providing services such as property management, repair and maintenance services and sales and rental services, among others, to property buildings and infrastructures such as water and environmental conservation (“WEM”) projects, expressways service stations, community centres and transitoriented developments (“TOD”) etc.”

The above actual results for 1H2021 are in line with the prospect statement disclosed on 1 March 2021 where the Group recorded higher revenue from warehouse and equipment leasing as well as sales of goods from supply of materials to Ranken Railway and supply of highway safety guardrails to a third party. Revenue from property management and consulting services also improved with new revenue stream from the businesses of operating and managing the water and environmental conservation projects for the Liveable River Bank PPP Project undertaken by Ranken Railway’s associated company, Chengdu Derun Jinlong Environmental Management Co., Ltd.

**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**

The Chinese economy, which cooled over the course of 2021, faces multiple headwinds in 2022, including heightened geopolitical risks from Russia's invasion of Ukraine and a fresh challenge from the local spread of the highly contagious Omicron variant of the coronavirus.

In March 2022, China has set its economic growth target at around 5.5% in 2022. Over the past several decades, China's strong economic growth has gone hand-in-hand with urbanisation and the 14th Five-Year Plan (2021-2025) has set out new targets for China's urban growth.

These include plans to facilitate about half of the rural migrants to settle in five super-city clusters, including the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the mid-Yangtze River area, the Greater Bay Area, and the more recently announced Chongqing-Chengdu city cluster. Each cluster will be designed to enable both "domestic circulation" and serve as hubs in facilitating "external circulation" between China and the global economy.

Chengdu is our key operating market and its "14th Five-Year Plan" will focus on making every effort to build high-quality residential areas, highlighting the value of a happy and beautiful life in the city, improving the people's sense of happiness, and to achieve the goal of modernising the governance system and capabilities of megacities.

Since the 1990s, various cities in China have been undergoing urban renewal to meet middle-class taste and boost economic growth.

In major Chinese metropolises, much of the infrastructure built in support of expansive urban development is now reaching a critical point in its lifecycle, with many under-utilised land parcels and buildings in need of significant repairs or even complete overhaul. City governments are seizing these opportunities to increase the utility and durability of new infrastructure to better serve contemporary needs by blending culture, history, heritage, and modern lifestyles.

Hence, there is a growing need for future communities that combine the characteristics of both residential buildings and community public service with humanistic, ecological and digital value orientation that focuses on improving people's daily life experience.

On the back of increasingly stringent environmental protection regulations in China, the greening of industrial parks in China - where large-scale industrialisation activities are primarily located in China - and transforming them into "eco-industrial parks", will offer 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 city redevelopment services.

**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.

As disclosed above, in the Notes to Statement of Cash Flow, a Dividend Allocation Sum, being part of the Tranche 1 Escrowed Sum and an amount equivalent to 36.3% of the Net Proceeds being RMB 93,308,000, will be allocated for distribution to Shareholders by way of dividends. Pending such distribution, the Dividend Allocation Sum will remain in the Escrow Account.

And with reference to the Company's announcement dated 30 December 2020 on "(1) PROPOSED CAPITAL REDUCTION; AND (2) PROPOSED SCRIP DISTRIBUTION SCHEME AND ITS APPLICATION TO THE PROPOSED CASH DISTRIBUTION" the Company intends to

(a) return to Shareholders of the surplus capital of the Company in excess of its needs by way of a cash distribution of S\$0.0425 per Share ("Proposed Cash Distribution") and

(b) proposed a scrip distribution where issue price of the Scrip Distribution Shares is proposed to be 5.64 Singapore cents ("Proposed Issue Price"), based on the ex-distribution price of the Scrip Distribution Shares, with the distribution per Share being 4.25 Singapore cents and the weighted average price of Shares being 9.89 Singapore cents on 31 December 2020, the last trading day on which Shares were traded prior to the release of this Announcement.

The Company is in consultation with the SGX-ST ("SGX-ST Consultation") on the Proposed Capital Reduction and Proposed Scrip Distribution Scheme before undertaking the same and in connection therewith, seek SGX-ST's approval for variation of the SGX-ST Voluntary Undertaking to accommodate the Proposed Capital Reduction and Proposed Scrip Distribution Scheme, and will accordingly provide further updates of any material developments. The Proposed Capital Reduction is subject to the outcome of the SGX-ST Consultation, Board and Shareholders' approval, and the application of the Proposed Scrip Distribution Scheme to the Proposed Cash Distribution is subject to the approval of the SGX-ST for the listing and quotation of, and permission to deal in, the new Shares as may be required to be issued pursuant to the Proposed Scrip Distribution Scheme ("Scrip Distribution Shares") on the SGX-ST.

(For further details please refer to the Company's announcement dated 30 December 2020)

**12 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 30 June 2021**

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 2021 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Wang Heng**  
Group Chief Executive Officer  
13 April 2022

**Cheung Wai Suen**  
Executive Chairman  
13 April 2022