



## **SAPPHIRE CORPORATION LIMITED**

Incorporated in the Republic of Singapore  
Company Registration Number: 198502465W

### **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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## SAPPHIRE CORPORATION LIMITED

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

	Notes	Group		Change %
		1H2024 RMB'000	1H2023 RMB'000 (Restated)	
Revenue	4.2	215,943	27,684	680.0
Cost of sales		(211,978)	(26,750)	692.4
<b>Gross profit</b>		3,965	934	324.5
Other income	5	819	1,840	(55.5)
Administrative expenses		(9,505)	(8,674)	9.6
Other expenses		(672)	(394)	70.6
<b>Loss from operating activities</b>		(5,393)	(6,294)	(14.3)
Finance costs	6	(1,478)	(770)	91.9
Share of profit of an associate, net of tax		9,532	13,677	(30.3)
<b>Profit before tax</b>	7	2,661	6,613	(59.8)
Tax expense	8	(658)	(39)	n/m
<b>Profit for the period</b>		2,003	6,574	(69.5)
<b>Other comprehensive income/(loss) after tax:</b>				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences arising from foreign operations		87	(3,286)	(102.6)
Share of other comprehensive loss of an associate		(862)	(1,674)	(48.5)
<b>Total other comprehensive loss for the period, net of tax</b>		(775)	(4,960)	(84.4)
<b>Total comprehensive income for the period</b>		1,228	1,614	(23.9)
<b>Profit attributable to:</b>				
Owners of the Company		1,897	6,206	(69.4)
Non-controlling interests		106	368	(71.2)
<b>Profit for the period</b>		2,003	6,574	(69.5)
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		1,122	1,246	(10.0)
Non-controlling interests		106	368	(71.2)
<b>Total comprehensive income for the period</b>		1,228	1,614	(23.9)
<b>Earnings per share</b>				
Basic and diluted (RMB cents)		0.47	1.52	(69.1)

n/m: Not meaningful, used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%

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B. Condensed interim statements of financial position

	Notes	Group		Company	
		30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
<b>ASSETS</b>					
Property, plant and equipment	9	79,691	68,089	269	358
Intangible assets		711	535	-	-
Investments in subsidiaries		-	-	368,339	370,519
Investment in an associate	10	457,114	448,444	-	-
<b>Total non-current assets</b>		<b>537,516</b>	<b>517,068</b>	<b>368,608</b>	<b>370,877</b>
Other investment	11	1,138	925	1,138	925
Inventories		15	15	-	-
Trade receivables	12	59,939	45,194	-	-
Other receivables	12	64,507	72,751	352	427
Cash and cash equivalents	13	58,874	87,389	425	173
<b>Total current assets</b>		<b>184,473</b>	<b>206,274</b>	<b>1,915</b>	<b>1,525</b>
<b>Total assets</b>		<b>721,989</b>	<b>723,342</b>	<b>370,523</b>	<b>372,402</b>
<b>EQUITY</b>					
Share capital	14	350,874	350,874	350,874	350,874
Reserves		228,855	227,733	1,071	5,233
Equity attributable to owners of the Company		579,729	578,607	351,945	356,107
Non-controlling interests		11,647	11,541	-	-
<b>Total equity</b>		<b>591,376</b>	<b>590,148</b>	<b>351,945</b>	<b>356,107</b>
<b>LIABILITIES</b>					
Provisions	15	10,784	10,784	-	-
Lease liabilities	16	36,417	27,557	84	164
Other payables	17	-	-	16,181	12,090
<b>Total non-current liabilities</b>		<b>47,201</b>	<b>38,341</b>	<b>16,265</b>	<b>12,254</b>
Lease liabilities	16	5,089	1,899	171	181
Trade payables	17	24,366	37,327	-	-
Other payables	17	53,957	55,627	2,142	3,860
<b>Total current liabilities</b>		<b>83,412</b>	<b>94,853</b>	<b>2,313</b>	<b>4,041</b>
<b>Total liabilities</b>		<b>130,613</b>	<b>133,194</b>	<b>18,578</b>	<b>16,295</b>
<b>Total equity and liabilities</b>		<b>721,989</b>	<b>723,342</b>	<b>370,523</b>	<b>372,402</b>

## C. Condensed interim statements of changes in equity

<u>Group</u>	<-----Attributable to owners of the Company----->								
	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>At 1 January 2023, as restated</b>	466,700	(7,585)	(14,205)	(8,968)	6,123	222,767	664,832	11,079	675,911
Profit for the period, as restated	-	-	-	-	-	6,206	6,206	368	6,574
<i>Other comprehensive loss:</i>									
Foreign currency translation differences	-	-	-	-	(3,286)	-	(3,286)	-	(3,286)
Share of other comprehensive loss of an associate	-	-	-	-	(1,674)	-	(1,674)	-	(1,674)
Total other comprehensive loss	-	-	-	-	(4,960)	-	(4,960)	-	(4,960)
Total comprehensive (loss)/income for the financial period, as restated	-	-	-	-	(4,960)	6,206	1,246	368	1,614
<b>Transactions with owners, recognised directly in equity</b>									
Cash distribution	-	-	-	-	-	(93,255)	(93,255)	-	(93,255)
Capital reduction	(115,826)	-	-	-	-	115,826	-	-	-
	(115,826)	-	-	-	-	22,571	(93,255)	-	(93,255)
<b>At 30 June 2023, as restated</b>	350,874	(7,585)	(14,205)	(8,968)	1,163	251,544	572,823	11,447	584,270

<-----Attributable to owners of the Company----->

<u>Group</u>	Share	Capital	Fair value	Other	Foreign	Accumulated	Total	Non-	Total equity
	capital	reserve	reserve	reserves	currency	profits	interests	controlling	
	RMB'000	RMB'000	RMB'000	RMB'000	reserve	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2024</b>	350,874	(7,585)	(14,205)	(8,968)	1,673	256,818	578,607	11,541	590,148
Profit for the period	-	-	-	-	-	1,897	1,897	106	2,003
<i>Other comprehensive (loss)/income:</i>									
Foreign currency translation differences	-	-	-	-	87	-	87	-	87
Share of other comprehensive loss of an associate	-	-	-	-	(862)	-	(862)	-	(862)
Total other comprehensive loss	-	-	-	-	(775)	-	(775)	-	(775)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(775)	1,897	1,122	106	1,228
<b>At 30 June 2024</b>	350,874	(7,585)	(14,205)	(8,968)	898	258,715	579,729	11,647	591,376

<u>Company</u>	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
<b>At 1 January 2023</b>	466,700	(8,294)	(14,205)	(8,968)	30,961	(24,087)	442,107
Loss for the period	-	-	-	-	-	(1,486)	(1,486)
<i>Other comprehensive income:</i>							
Foreign currency translation differences	-	-	-	-	8,712	-	8,712
Total comprehensive income/(loss) for the financial period	-	-	-	-	8,712	(1,486)	7,226
<b>Transactions with owners, recognised directly in equity</b>							
Cash distribution	-	-	-	-	-	(93,255)	(93,255)
Capital reduction	(115,826)	-	-	-	-	115,826	-
	(115,826)	-	-	-	-	22,571	(93,255)
<b>At 30 June 2023</b>	<b>350,874</b>	<b>(8,294)</b>	<b>(14,205)</b>	<b>(8,968)</b>	<b>39,673</b>	<b>(3,002)</b>	<b>356,078</b>
<b>At 1 January 2024</b>	350,874	(8,294)	(14,205)	(8,968)	41,951	(5,251)	356,107
Loss for the period	-	-	-	-	-	(2,069)	(2,069)
<i>Other comprehensive loss:</i>							
Foreign currency translation differences	-	-	-	-	(2,093)	-	(2,093)
Total comprehensive loss for the financial period	-	-	-	-	(2,093)	(2,069)	(4,162)
<b>At 30 June 2024</b>	<b>350,874</b>	<b>(8,294)</b>	<b>(14,205)</b>	<b>(8,968)</b>	<b>39,858</b>	<b>(7,320)</b>	<b>351,945</b>

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**D. Condensed interim consolidated statement of cash flows**

	Note	Group	
		1H2024 RMB'000	1H2023 RMB'000 (Restated)
<b>Operating activities</b>			
Profit before tax		2,661	6,613
Adjustments for:			
Amortisation of intangible assets		44	18
Depreciation of property, plant and equipment		5,001	2,958
Change in fair value of financial asset designated as fair value through profit or loss		(213)	316
Interest income		(737)	(1,831)
Interest expense		1,478	770
Share of profit of an associate, net of tax		(9,532)	(13,677)
<b>Operating loss before working capital changes</b>		<b>(1,298)</b>	<b>(4,833)</b>
Changes in working capital:			
Inventories		-	(25)
Trade and other payables		(10,936)	6,330
Trade and other receivables		(6,501)	22,956
<b>Cash flows (used in)/generated from operations</b>		<b>(18,735)</b>	<b>24,428</b>
Tax paid		(658)	(39)
<b>Net cash (used in)/generated from operating activities</b>		<b>(19,393)</b>	<b>24,389</b>
<b>Investing activities</b>			
Interest received		737	1,831
Purchase of plant and equipment	(a)	(1,511)	(9,407)
Purchase of intangible assets		(219)	-
Loan to an associate		-	(10,000)
Proceeds from loan to an unrelated party		-	3,000
<b>Net cash used in investing activities</b>		<b>(993)</b>	<b>(14,576)</b>
<b>Financing activities</b>			
Payment of lease liabilities		(3,615)	(1,361)
Interest/factoring expenses paid		(1,478)	(770)
Payment for amount owing to shareholders (Payments to)/Proceeds from a related party		(1,070)	-
Cash distribution paid to shareholders of the Company		(1,968)	6,800
<b>Net cash used in financing activities</b>		<b>(8,131)</b>	<b>(88,586)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(28,517)</b>	<b>(78,773)</b>
Cash and cash equivalents at beginning of the period		87,389	107,530
Effect of exchange rate changes on the balances held in foreign currencies		2	(3,417)
<b>Cash and cash equivalents at end of the period (Note 13)</b>		<b>58,874</b>	<b>25,340</b>

**Note:**

- (a) During the financial period, the property, plant and equipment of the Group (including rights-of-use assets) increased by RMB 16,606,000 (1H2023: RMB 9,407,000) of which (i) RMB 1,511,000 were paid (1H2023: RMB 9,407,000); (ii) RMB 13,985,000 (1H2023: RMB Nil) were added under operating lease arrangement; and (iii) RMB 1,110,000 (1H2023: RMB Nil) were acquired by means of suppliers' credit.

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## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

**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 Securities Trading Limited.

These condensed interim consolidated financial statements for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

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 are set out in notes 5 and 6 to the financial statements, respectively, in the annual report for the year ended 31 December (“**FY**”) 2023 (the “**Annual Report 2023**”).

**2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2024 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 2023.

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 Section E Note 2.1.

The functional currency of the Company is in Singapore dollar. The condensed interim financial statements are presented in Chinese Renminbi (“**RMB**”) as the Group considers RMB to be the most appropriate presentation currency. All financial information is presented in RMB have been rounded to the nearest thousand, unless otherwise stated.

**2.1. New and amended standards adopted by the Group**

The Group has adopted all the amendments to SFRS(I)s that are effective for annual financial periods beginning on or after 1 January 2024. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. In addition, the adoption of these amendments did not have any material effect on the financial performance or position of the Group and the Company.

**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 2023.



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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) 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 2024 is Nil (FY2023: 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.

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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 ("ECL") on trade and other receivables and contract assets

Allowance for 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 Section E Note 12.

(iii) Accounting for investment in an associate

In applying the equity method on the Group's interest in an associate, Ranken Railway Construction Group Co., Ltd ("**Ranken Railway**", together with its subsidiaries, "**Ranken Group**"), for the six months ended 30 June 2024, management has made certain adjustments to the financial results of Ranken Group to align the accounting policies of Ranken Group with those of the Group.

These adjustments included (a) impairment losses recognised on Ranken Group's trade and other receivables and contract assets in accordance with SFRS(I) 9 - *Financial Instruments*, (b) the accounting of Ranken Group's share of associates' profits for the operators of a public private partnership ("**PPP**") arrangement to build, operate and transfer (i) the first phase of Chengdu Wuhou District Liveable Riverbank Project, Xi River Sewage Treatment Plant 2 Project and (ii) Xijiang River Chenganyu Hi-Speed to Chengan Hi-Speed Section Comprehensive Management Engineering Project, (c) the effects on depreciation and amortisation on Ranken Group's non-financial assets arising from the purchase price allocation exercise carried out in FY2020.

These adjustments involve the use of significant accounting estimates such as (a) the assumptions used in the ECL model in determining the adequacy of the provision for impairment loss recognised, (b) the estimation of the fair value of the construction service contracts during the construction and maintenance phases of the service concession arrangement projects and the service concession receivables which take into account budgeted construction costs, project value (including service concession rights) and profit margin applied on the service concession arrangements undertaken by the associates of Ranken Group and (c) changes in the useful lives of Ranken Group's non-financial assets which affect the amount of depreciation and amortisation expenses recorded.

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(iv) Provision for contingent liabilities

Pursuant to the share transfer and capital increase agreement dated 28 May 2020 (the “**Ranken Disposal Agreement**”) and as set out in the circular in respect of the Group’s disposal of Ranken Group to Shandong Hi-Speed Road & Bridge Group Co., Ltd (the “**Investor**”) dated 9 October 2020 (the “**Ranken Disposal Circular**”), the Group, through its 98%-owned subsidiary Chengdu Kai Qi Rui Business Management Co., Ltd. (“**Chengdu KQR**”), effectively guaranteed the collection of receivables owing to Ranken Group as at 31 August 2019 (the “**Guaranteed Receivables**”). In the event that Ranken Group fails to collect any of the Guaranteed Receivables within 5 years from the date on which such receivables become due (the “**Overdue Guaranteed Receivables**”), the Investor shall have the right to offset the Overdue Guaranteed Receivables against the dividends payables to Chengdu KQR (the “**Offset**”), if any, and the Group shall reimburse the remaining balance of the Overdue Guaranteed Receivables after the Offset. After which, the uncollected Overdue Guaranteed Receivables will then be assigned to the Group.

As at 30 June 2024, the management performed an assessment and did not recognise any provision in 1H2024 based on the ECL model in accordance with SFRS(I) 9 - *Financial Instruments*. Please refer to Section E Notes 10, 12 and 15 for further details.

**3. Seasonal operations**

As the Group’s operations are primarily in China, the Group and 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 for the current financial period.

**4. Segment and revenue information****4.1. Reportable Segment**

The Group is principally engaged in (i) providing services for urban renewal and redevelopment; and urban infrastructure (ii) investment holding and management.

For the six months ended 30 June 2024 and 30 June 2023, the Group has only one reportable segment, the infrastructure segment.

Under the infrastructure segment, the main operating units for the Group comprise:

- (a) services for urban renewal and redevelopment; urban infrastructure and property-related, undertaken by Chengdu Shengshi Jialong City Management Service Co., Ltd (“**Jialong**”);
- (b) leasing of warehouse and equipment; and procure and supply of materials (including trading) for urbanisation and infrastructure related projects, undertaken by Sichuan Yilong Equipment Co., Ltd. (“**Yilong**”); and
- (c) investment holding and management, that the Group invests and jointly manages the engineering, procurement and construction (“**EPC**”) projects for land transport infrastructure and environmental conservation in China; undertaken by its associate, Ranken Railway, in which the Group owns a 48.82% effective interest.

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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.

Group	Infrastructure Segment			Total RMB'000
	Jialong RMB'000	Yilong RMB'000	Chengdu KQR RMB'000	
<b>1H2024</b>				
<b>Revenue and expenses</b>				
External revenues	10,109	205,834	-	215,943
Interest income	3	78	648	729
Factoring/interest expenses	(1,161)	(190)	(121)	(1,472)
Depreciation and amortisation	(3,625)	(1,315)	(2)	(4,942)
Share of profit of an associate, net of tax	-	-	9,532	9,532
Reportable segment (loss)/profit before tax	(3,393)	1,869	7,899	6,375

**As at 30 June 2024**

**Other segment information**

Reportable segment assets	44,475	124,465	546,612	715,552
Capital expenditures:				
- Property, plant and equipment	(14,421)	(2,166)	(4)	(16,591)
- Intangible assets	(219)	-	-	(219)
Reportable segment liabilities	(53,266)	(36,781)	(44,534)	(134,581)

Group	Infrastructure Segment			Total RMB'000
	Jialong RMB'000	Yilong RMB'000	Chengdu KQR RMB'000	
<b>1H2023</b>				
<b>Revenue and expenses</b>				
External revenues, as restated	4,862	22,822	-	27,684
Interest income	5	12	1,656	1,673
Factoring/interest expenses	(656)	(44)	(70)	(770)
Depreciation and amortisation	(1,862)	(1,101)	(2)	(2,965)
Share of profit of an associate, net of tax	-	-	13,677	13,677
Reportable segment (loss)/profit before tax, as restated	(3,486)	(207)	12,894	9,201

**As at 30 June 2023**

**Other segment information**

Reportable segment assets, as restated	45,320	131,516	494,711	671,547
Capital expenditures:				
- Property, plant and equipment	-	(9,407)	-	(9,407)
Reportable segment liabilities, as restated	(23,004)	(35,514)	(40,642)	(99,160)

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

	<b>Group</b>	
	<b>1H2024</b> <b>RMB'000</b>	<b>1H2023</b> <b>RMB'000</b> <b>(Restated)</b>
<b>Revenue</b>		
Total revenue for reportable segments	215,943	27,684
<b>Profit or loss</b>		
Total profit before tax for reportable segments	6,375	9,201
Unallocated amounts:		
– Other income	8	162
– Other expense (head office expenses)	(3,722)	(2,750)
– Tax expense	(658)	(39)
Consolidated profit for the year	2,003	6,574
<b>Assets</b>		
Total assets for reportable segments	715,552	671,547
Other unallocated amounts	6,437	1,984
Consolidated total assets	721,989	673,531
<b>Liabilities</b>		
Total liabilities for reportable segments	134,581	99,160
Elimination of inter-segment liabilities	(14,071)	(27,471)
Other unallocated amounts	10,103	11,682
Consolidated total liabilities	130,613	83,371

	<b>Reportable segment total RMB'000</b>	<b>Unallocated amounts RMB'000</b>	<b>Consolidated total RMB'000</b>
<b>1H2024</b>			
<b>Other material items</b>			
Interest income	729	8	737
Factoring/interest expenses	(1,472)	(6)	(1,478)
Depreciation and amortisation	(4,942)	(103)	(5,045)
Capital expenditures:			
– Property, plant and equipment	(16,591)	(15)	(16,606)
– Intangible assets	(219)	-	(219)
<b>1H2023</b>			
<b>Other material items</b>			
Interest income	1,673	158	1,831
Factoring/interest expenses	(770)	-	(770)
Depreciation and amortisation	(2,965)	(11)	(2,976)
Capital expenditures:			
– Property, plant and equipment	(9,407)	-	(9,407)

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**Geographical information**

	Revenue		Non-current assets	
	1H2024 RMB'000	1H2023 RMB'000 (Restated)	1H2024 RMB'000	1H2023 RMB'000
Singapore	-	-	269	41
China	215,943	27,684	537,247	493,692
<b>Total</b>	<b>215,943</b>	<b>27,684</b>	<b>537,516</b>	<b>493,733</b>

**4.2. Revenue**

	Group	
	1H2024 RMB'000	1H2023 RMB'000 (Restated)
Revenue from contracts with customers	213,015	24,895
Warehouse, equipment and premise leasing	2,928	2,789
	<b>215,943</b>	<b>27,684</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.

	Notes	Group	
		1H2024 RMB'000	1H2023 RMB'000 (Restated)
<b>Major products/service lines</b>			
Infrastructure:			
-	(a)	202,992	20,899
-		10,023	3,996
		<b>213,015</b>	<b>24,895</b>
<b>Primary geographical markets</b>			
China		213,015	24,895
		<b>213,015</b>	<b>24,895</b>
<b>Timing of revenue recognition</b>			
Products transferred at a point in time		202,992	20,899
Products and services transferred over time		10,023	3,996
		<b>213,015</b>	<b>24,895</b>

**Notes:**

- (a) The Group commenced trading of infrastructure construction materials in January 2024. The top 10 customers account for 99.8% of total sale of goods revenue during 1H2024.
- (b) The above excludes revenue from warehouse, equipment and premise leasing.

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**5. Other income**

	Group	
	1H2024 RMB'000	1H2023 RMB'000
Interest income:		
– Banks	147	1,403
– Loan to an associate	590	428
Others	82	9
	819	1,840

**6. Finance costs**

	Group	
	1H2024 RMB'000	1H2023 RMB'000
Interest expense:		
– Lease liabilities	1,090	656
– Loan from a related party	118	70
– Factoring expenses	254	44
Bank charges	16	-
	1,478	770

**7. Profit before tax**

Profit before tax is arrived at after charging/(crediting) the following:

	Group	
	1H2024 RMB'000	1H2023 RMB'000
Change in fair value of financial asset designated as fair value through profit or loss	(213)	316
Amortisation of intangible assets	44	18
Depreciation of property, plant and equipment	5,001	2,958
	5,001	2,958

**8. Tax expense**

	Group	
	1H2024 RMB'000	1H2023 RMB'000
Current year	658	39
	658	39

**9. Property, plant and equipment**

The property, plant and equipment inclusive that of right-of-use assets amounting to RMB 79,691,000 as at 30 June 2024 (FY2023: RMB 68,089,000), During the six months ended 30 June 2024, the Group acquired assets for an aggregate cost of RMB 16,606,000 (FY2023: RMB 15,192,000) of which (i) RMB 13,985,000 (FY2023: RMB 4,269,000) relate to addition of right-of-use assets through tenancy agreements; and (ii) RMB

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2,621,000 (FY2023: RMB 10,923,000) relate to acquisition of plant and equipment. There is no disposal of assets during the period (FY2023: RMB Nil).

**10. Investment in an associate**

The Group invests and manages EPC projects for land transport infrastructure and environmental conservation in China; undertaken by its associate, Ranken Railway, in which the Group owns a 48.82% effective interest.

	<b>Group</b>	
	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interests in Ranken Railway	457,114	448,444
<b>Group's interest in the net assets of an associate:</b>		
At beginning of the period/year	448,444	417,827
Dividends declared during the period/year	-	(25,095)
Group's contribution during the period/year	-	25,095
Group's share of profit	9,532	31,683
Group's share of other comprehensive loss	(862)	(1,066)
At end of the period/year	457,114	448,444

Based on the unaudited financial statements of Ranken Railway, the working capital position for Ranken Railway was RMB 0.6 billion as at 30 June 2024 (FY2023: RMB 0.8 billion).

Pursuant to the Ranken Disposal Agreement dated 28 May 2020 and as set out in the Ranken Disposal Circular dated 9 October 2020, the followings are certain pertinent conditions to the Ranken Disposal Agreement such as the Guaranteed Receivables (as defined below) and provisions of loans to meet continuous operating requirements, including the Covered Guaranteed (as defined below); and the financial effects of which have been included and reported in the financial statements of the Group since the completion of the Ranken Disposal Agreement. Specifically:

1. the Group, through Chengdu KQR, effectively guaranteed the collection of receivables owing to Ranken Group as at 31 August 2019 (the "**Guaranteed Receivables**"). In the event that Ranken Group fails to collect any of the Guaranteed Receivables within 5 years from the date on which such receivables become due (the "**Overdue Guaranteed Receivables**"), the Investor shall have the right to offset the Overdue Guaranteed Receivables against the dividends payables to Chengdu KQR (the "**Offset**"), if any and the Group shall reimburse the remaining balance of the Overdue Guaranteed Receivables after the Offset. After which, the uncollected Overdue Guaranteed Receivables will then be assigned to the Group;
2. Chengdu KQR will remain a 49.82% shareholder of Ranken Railway after completion of the Ranken Disposal Agreement. Accordingly, Ranken Railway may, from time to time, require capital support from Chengdu KQR – whether in the form of equity or loan – given the scale of its operations, as required under PRC laws and the requirements of the Shenzhen Stock Exchange (as informed by the Investor to the Company), as disclosed in the Ranken Disposal Circular. As such, given that the equity shareholding of the Investor and Chengdu KQR are equal in Ranken Railway,
  - a. any working capital loans as may be extended by the Investor to Ranken Railway after completion of the Ranken Disposal Agreement would have to be extended and/or matched by Chengdu KQR in



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accordance with its 49.82% shareholding in Ranken Railway and shall be on the same terms with that of the Investor; and

- b. any full guarantee(s) provided by the Investor to the lender(s) for banking facilities granted to Ranken Railway (“**Principal Guarantee**”) would have to be secured by a covered guarantee from Chengdu KQR in respect of the Principal Guarantee based on its 49.82% shareholding in Ranken Railway (the “**Covered Guarantee**”). In the event of default by Ranken Railway, the Investor shall fulfil its payment obligations in full under the Principal Guarantee and seek recourse from Chengdu KQR under the Covered Guarantee.
3. It was further disclosed in the Ranken Disposal Circular that “*Ranken Railway would be placed in a more favourable position to secure project contracts in the PRC, and may be able to enjoy lower interest rates on external borrowings from financial institutions, given its status as an indirect SOE following the Proposed Transaction*” (the “**Guarantee Rationale**”). As such, management understands from the Investor that the provision of Principal Guarantee would allow Ranken Railway to borrow at lower interest rates compare to other non-secured financing facilities.

**11. Other investment**

**Equity investments – mandatorily at FVTPL**

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

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Hong Kong listed equity securities</b>				
China Vanadium Titano-Magnetite Mining Company Limited (“CVT”)	1,138	925	1,138	925

During the interim period, the Group had not disposed any of its quoted investments. The quoted investment represents 0.91% in the capital of CVT. A director of the Company holds a non-executive director position in CVT.

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:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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
- (c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

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The following table presented the assets measured at fair value:

	<b>Group and Company</b>			
	<b>Level 1 RMB'000</b>	<b>Level 2 RMB'000</b>	<b>Level 3 RMB'000</b>	<b>Total RMB'000</b>
<b>As at 30.06.2024</b>				
Equity investments – mandatorily at FVTPL	1,138	-	-	1,138
<b>As at 31.12.2023</b>				
Equity investments – mandatorily at FVTPL	925	-	-	925

**12. Trade and other receivables**

	<b>Notes</b>	<b>Group</b>	
		<b>30.06.2024 RMB'000</b>	<b>31.12.2023 RMB'000</b>
<b>Trade receivables</b>			
Third parties	(a)	41,647	12,998
Associate	(b)	18,600	22,624
Bills receivables from an associate	(c)	550	10,430
		60,797	46,052
Less: Impairment loss		(858)	(858)
Net		59,939	45,194

**Notes:**

- (a) Trade receivables owing by third parties are non-interest bearing and the credit terms are 7 to 90 days (FY2023: 30 to 90 days). Approximately RMB 37.0 million or 88.8% has been collected as at the date of this announcement.
- (b) Trade receivables owing by an associate are non-interest bearing and the credit terms are 30 to 90 days (FY2023: 30 to 180 days). Approximately RMB 13.2 million or 71.0% has been collected as at the date of this announcement.
- (c) Bills receivable from an associate are non-interest bearing and credit terms are up to 12 months.

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	Notes	Group		Company	
		30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
<b>Other receivables</b>					
Other receivables due from third parties	(a)	25,214	24,027	170	250
Amount due from a former subsidiary		14,859	14,859	14,859	14,859
Less: Impairment loss		(20,949)	(20,949)	(14,859)	(14,859)
		19,124	17,937	170	250
Amount due from an associate		488	393	-	-
Loan to an associate	(b)	30,000	30,000	-	-
Financial assets at amortised costs		49,612	48,330	170	250
Prepayments		14,895	24,421	182	177
Net		64,507	72,751	352	427

**Notes:**

- (a) Other receivables are unsecured and non-interest bearing. Of which, RMB 20.6 million relates to Overdue Guaranteed Receivables assigned by Ranken Railway to Chengdu KQR. Please refer to Section E Note 10 for further details.
- (b) Loan to an associate, Ranken Railway, is unsecured, bear an interest rate at 3.95% per annum with a maturity period of 12 months. Management has discussed with the Investor and considered the working capital position, and project pipeline of Ranken Railway prior to providing such loans. Please refer to Note 10 for further details.

The movements in allowance for impairment in respect of trade and other receivables, and contract assets were as follow:

	Group		Company	
	30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
At the beginning of the period/year	21,807	14,922	14,859	14,859
Impairment losses recognised	-	6,885	-	-
At the end of the period/year	21,807	21,807	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 ECL using a provision matrix. There have been no changes to the movement in the allowance for impairment loss in respect of trade and other receivables, and contract assets during the period.

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**The Guaranteed Receivables**

As disclosed in Section E Note 10, pursuant to the Ranken Disposal Agreement and as set out in the Ranken Disposal Circular, the Group, through Chengdu KQR, effectively guaranteed the collection of receivables owing to Ranken Group before completion of the Ranken Disposal Agreement. In the event that Ranken Group fails to collect any of the Guaranteed Receivables within 5 years from the date on which such receivables become due, the Investor shall have the right to offset the Overdue Guaranteed Receivables against the dividends payables to Chengdu KQR, if any, and the Group shall reimburse the remaining balance of the Overdue Guaranteed Receivables after the Offset. After which, the reimbursed balance of the Overdue Guaranteed Receivables will then be assigned to the Group.

The Overdue Guaranteed Receivables, once assigned to the Chengdu KQR, will be recorded as Other Receivables.

The aging of the Guaranteed Receivables is as follow:

	<b>Ranken Group</b>	
	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Not past due</u></b>		
Current	224,127	236,025
<b><u>Past due</u></b>		
< 1 year	-	2,646
1 to 2 years	2	2
2 to 3 years	-	943
3 to 4 years	187	380
4 to 5 years	24,076	25,635
> 5 years (“Overdue Guaranteed Receivables”)	26,820	36,953
	51,085	66,559
Total Guaranteed Receivables	275,212	302,584

As at 30 June 2024:

- the total amount of the Guaranteed Receivables was RMB 275.2 million (FY2023: RMB 302.6 million);
- the total amount of the Overdue Guaranteed Receivables was RMB 26.8 million (FY2023: RMB 36.9 million) (as detailed in the above table);
- the total Overdue Guaranteed Receivables which had been assigned to Chengdu KQR and recorded as other receivables was RMB 20.6 million in aggregate;
- management has performed an internal assessment on the status of the Guaranteed Receivables and the Overdue Guaranteed Receivables. Based on the currently available information, management has represented to the Board that the accounting provisions of the above receivables, including impairment loss, is adequate as at the date of this announcement. As a result, no provision was made in 1H2024 (FY2023: RMB 5.4 million), as disclosed in Section E Note 2.2(b)(iv); and

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- the Group will conduct ECL assessment and engage its component auditors to perform audit procedures on the status of the Guaranteed Receivables and the Overdue Guaranteed Receivables in its annual audit for the financial year ending 31 December 2024 (“FY2024”). The Group will then update and disclose the related financial effects in its consolidated financial statements for FY2024.

**13. Cash and cash equivalents**

	Group		Company	
	30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
Cash and bank balances	58,874	87,389	425	173

**14. Share capital**

	Group and Company			
	30.06.2024 No. of ordinary shares ('000)	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
<b>Issued and paid up:</b>				
At beginning of the period/year	407,590	407,590	350,874	466,700
Capital reduction	-	-	-	(115,826)
At end of the period/year	407,590	407,590	350,874	350,874

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.

Capital reduction

On 27 January 2023, the Company effected the capital reduction and share capital of RMB 115.8 million was offset against the accumulated profit/losses of the Group and Company, as applicable. Accordingly, the issued and fully paid-up share capital of the Group and Company is RMB 350.9 million comprising 407,590,893 ordinary shares.

**15. Provisions**

	Notes	Group		Company	
		30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
Provision for contingent liabilities	(a)	8,184	8,184	-	-
Provision for covered guarantee	(b)	2,600	2,600	-	-
		10,784	10,784	-	-

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**Notes:**

- (a) This relates to the provision for a guarantee provided by the Group to the Investor for the recoverability of outstanding receivable balances in Ranken Railway as at 31 August 2019. Please refer to Section E Notes 2.2(b)(iv), 10 and 12 for further details.

The estimate has been made by identifying receivables that are credit-impaired and the ECL model was applied to determine the amount of provision required in accordance with judgements and estimates made in applying the related accounting policies.

- (b) The Group did not make additional provision in relation to the Covered Guarantee for the banking facilities of Ranken Railway during 1H2024 and 1H2023. The Group's 49.82% share of the covered guarantee provided for banking facilities of Ranken Railway amounting to RMB 114.3 million (FY2023: RMB 183.8 million).
- (c) Please refer to Section E Note 10 for further details in relation to the Principal Guarantee, the Covered Guarantee, and the Guarantee Rationale.

In providing such guarantee, management has considered (i) the requirements for the Covered Guarantee and the Guarantee Rationale (as set out in Section E Note 10, including pertinent conditions to the Ranken Disposal Agreement and relevant disclosure in the Ranken Disposal Circular); and (ii) the financial position, profitability and credit standing of Ranken Railway.

**16. Lease liabilities**

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RMB'000	RMB'000	RMB'000	RMB'000
Undiscounted lease payments due:				
- Later than five years	4,222	11,476	-	-
- Later than one year and not later than five years	38,478	22,134	66	167
- No later than one year	7,050	3,565	196	192
	49,750	37,175	262	359
Less: Future interest costs	(8,244)	(7,719)	(7)	(14)
	41,506	29,456	255	345
<b>Represented by:</b>				
- Non-current	36,417	27,557	84	164
- Current	5,089	1,899	171	181
	41,506	29,456	255	345

The lease liabilities relate to addition of right-of-use assets – shop spaces and premises with carrying value of RMB 35,963,000 as at 30 June 2024 (FY2023: RMB 25,281,000)

Other than the above, the Group has no borrowings and debts securities as at 30 June 2024 and FY2023.

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**17. Trade and other payables**

	Notes	Group		Company	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Trade payables</b>					
Third parties	(a)	15,812	9,648	-	-
Associate	(b)	8,554	7,679	-	-
Bills payable to a third party	(c)	-	20,000	-	-
		24,366	37,327	-	-

**Notes:**

- (a) Trade payables owing to the third parties was related to project costs such as labour, materials and other incidental costs. The amount is non-interest bearing and credit terms are between 90 to 180 days (FY2023: 90 to 180 days).
- (b) Trade payables owing to an associate was related to project costs such as labour, materials and other incidental costs. The amount is non-interest bearing and the credit terms are between 30 to 90 days (FY2023: 30 to 180 days).
- (c) The bills payable of RMB 20.0 million as at 31 December 2023 was related to purchase of materials and other project supplies, which had since been repaid in full.

	Notes	Group		Company	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Other payables</b>					
Amounts due to a subsidiary		-	-	16,181	12,090
Amounts due to shareholders	(a)	8,311	9,381	-	-
Amounts due to an associate	(b)	20,588	20,588	-	-
Advances received from an associate	(c)	10,000	10,000	-	-
Amounts due to a related company	(d)	5,000	6,968	-	-
Accrued expenses		2,732	4,624	1,842	3,032
Security deposits		2,221	1,970	-	-
Other payables		4,203	1,240	300	828
Financial liabilities at amortised costs		53,055	54,771	18,323	15,950
Other tax payables		902	856	-	-
		53,957	55,627	18,323	15,950

**Notes:**

- (a) The amount due to shareholders comprises advances, which are non-trade, unsecured, non-interest bearing and repayable on demand.

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- (b) The amounts due to an associate relate to the total amount of the Overdue Guaranteed Receivables which had been assigned by Ranken Railway to Chengdu KQR. Refer to Section E Notes 10 and 15 for further details on Guaranteed Receivables and Overdue Guaranteed Receivables.
- (c) Advances received from an associate are mainly for purchase of materials and supplies, are unsecured, non-interest bearing and repayable on demand.
- (d) Amount due to a related company relate to short-term loan from Chengdu Yunlong Technology Pte Ltd, is unsecured, bears fixed an interest rate at 3.6% (FY2023: 4%) per annum and is repayable on demand.

	Group		Company	
	30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
<b>Represented by:</b>				
Current	53,957	55,627	2,142	3,860
Non-current	-	-	16,181	12,090
	<u>53,957</u>	<u>55,627</u>	<u>18,323</u>	<u>15,950</u>

**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 2024 and 31 December 2023:

	Group		Company	
	30.06.2024 RMB'000	31.12.2023 RMB'000	30.06.2024 RMB'000	31.12.2023 RMB'000
<b>Financial Assets</b>				
Equity investments – mandatorily at FVTPL	1,138	925	1,138	925
Trade and other receivables (Amortised cost)	109,551	93,524	170	250
Cash and bank balances	58,874	87,389	425	173
	<u>169,563</u>	<u>181,838</u>	<u>1,733</u>	<u>1,348</u>
<b>Financial Liabilities</b>				
Provisions	10,784	10,784	-	-
Trade and other payables and lease liabilities (Amortised cost)	118,927	121,554	18,578	16,295
	<u>129,711</u>	<u>132,338</u>	<u>18,578</u>	<u>16,295</u>



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**19. Related party transactions**

	Note	Group	
		1H2024 RMB'000	1H2023 RMB'000 (Restated)
<i>Transaction with key management personnel:</i>			
Directors' remunerations		(690)	-
<i>Transactions with an associate:</i>			
- Leasing income		1,721	968
- Sale of goods		19,445	20,604
- Rendering of services		2,353	1,134
- Interest income		590	428
<i>Transaction with other related parties:</i>			
Interest expenses		(118)	(70)
Legal services rendered by a firm of which a director is a partner of the firm		(161)	-
		114,277	183,801

**Note:**

- (a) Based on Chengdu KQR's 49.82% share of covered guarantees provided on banking facilities utilised by the associate amounting to RMB 229.4 million as at 30 June 2024 (FY2023: RMB 368.9 million). Please refer to Section E Notes 10 and 15 for further details.

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

**20. Prior period adjustments**

As disclosed in the Annual Report 2023, during FY2023, management noted an under-accrual of subcontracting costs arising from the finalisation of costs in FY2022 related to a major project completed in January 2023, which had been confirmed by the auditor of the Company.

Management corrected the material prior period's error identified above retrospectively by restating the comparative amounts for the prior period's statement of comprehensive income in accordance with SFRS (I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors.

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The prior year adjustments, to the extent that they are applied retrospectively, have the following impact on the interim financial statements:

Group	As reported previously RMB'000	Prior period adjustment RMB'000	As restated RMB'000
<b>1H2023</b>			
<b>Consolidated statement of profit and loss and other comprehensive income</b>			
Revenue	44,556	(16,872)	27,684
Cost of sales	(43,422)	16,672	(26,750)
Effects on profit before tax	6,813	(200)	6,613
Effect on profit for the period	6,774	(200)	6,574
<b>Profit attributable to:</b>			
- Owners of the Company	6,260	(54)	6,206
- Non-controlling interests	514	(146)	368
	6,774	(200)	6,574
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company	1,300	(54)	1,246
- Non-controlling interests	514	(146)	368
	1,814	(200)	1,614
<b>Earnings per share:</b>			
- Basic/diluted (RMB cents)	1.54	(0.02)	1.52

**21. Subsequent events**

Subsequent to the six months ended 30 June 2024, the Covered Guarantee provided for banking facilities of Ranken Railway, an associate, increased by RMB 67.4 mil to RMB 181.7 mil as of 31 July 2024 due to additional banking facilities for Ranken Railway. Please refer to Section E Notes 10 and 15 for further details.

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**F. Other information required by Listing Rule Appendix 7.2.****1. Review**

The condensed consolidated statement of financial position of the Company and the Group as at 30 June 2024 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 months period then ended and 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 (1H2024 vs 1H2023)**

Revenue increased by RMB 188.3 million to RMB 215.9 million in 1H2024, mainly due to trading business, which Yilong commenced in January 2024 for supply of infrastructure construction materials as the Group continues to extend its business for urban renewal and redevelopment services under its existing supply chain networks. In addition, there is also an increase in revenue for (i) supply of other construction materials, including rendering of services for urban infrastructure construction and renewal projects, and (ii) leasing of warehouses.

Gross profit increased by RMB 3.0 million to RMB 4.0 million in 1H2024 on the back of higher revenues. Gross margin however fell to 1.8% from 3.4% mainly due to (i) trading business which earned lower margin on average compared to rendering of services, (ii) higher sub-contracting and labor costs for urban redevelopment services projects undertaken by Jialong, and (iii) higher depreciation of property, plant and equipment which increased by RMB 2.0 million as a result of additional depreciation from newly added right-of-use assets in relation to the shop spaces in Nanqiao Residence (南桥新居) as well as plant and machinery. Management further noted that the Group's operating environment in China remain highly competitive while operating costs are increasingly higher.

Other income fell by RMB 1.0 million to RMB 0.8 million in 1H2024 mainly due to lower interest income from bank deposits as the Group redeployed funds for its working capital and business operations.

Administrative expenses comprises mainly directors' remuneration, staff cost, professional fees (including corporate compliance related), travelling and other general office expenses increased by RMB 0.8 million to RMB 9.5 million in 1H2024 mainly due to (i) normalisation of executive directors remuneration for 1H2024 (Note: the executive directors had voluntarily accepted nominal salaries of SGD 1 per month for FY2023); and (ii) increase in staff costs for business development and operational support.

Other expenses increased by RMB 0.3 million to RMB 0.7 million in 1H2024 mainly due to other tax duties and surcharges paid based on higher revenues in 1H2024 as a result of the trading business which commenced in January 2024.

Finance costs increased by RMB 0.7 million to RMB 1.5 million mainly due to increase in interest expense of RMB 0.4 million from additional leases of new shop spaces for recurring leasing income, and increase in factoring expenses by RMB 0.3 million for trade receivables financing.

Share of profits of an associate, net of tax, decreased by RMB 4.1 million to RMB 9.5 million, mainly due to lower profits derived from Ranken Railway. During 1H2024, Ranken Railway completed fewer projects while it is still in the midst evaluating new projects in the pipeline.

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Tax expenses increased by RMB 0.6 million to RMB 0.7 million mainly due to higher taxable profits for the subsidiaries during the period.

Given the above, net profit decreased by RMB 4.3 million to RMB 1.9 million in 1H2024, net of non-controlling interest.

**Review of Financial Position (30 June 2024 vs 31 December 2023)**

**Total assets**

Total non-current assets increased by RMB 20.4 million. Significant changes are as follows:

- Property, plant and equipment (including right-of-use assets) increased by RMB 11.6 million mainly due to (i) addition of right-of-use assets in relation to the new shop spaces in Nanqiao Residence amounting to RMB 14.0 million which generates recurring leasing income, and (ii) addition of plant and machinery amounting to RMB 2.6 million, which was further offset by depreciation of RMB 5.0 million during the period; and
- Investment in an associate rose by RMB 8.7 million due to the Group's share of profit of Ranken Railway.

Total current assets decreased by RMB 21.8 million. Significant changes are as follows :

- Other investment increased by RMB 0.2 million due to higher fair value for quoted investment recorded at fair value;
- Trade receivables increased by RMB 14.7 million mainly due to higher revenue from Yilong's trading business for urban renewal and redevelopment services under its existing supply chain networks. RMB 37.0 million or 88.8% has since been collected as at the date of this announcement;
- Other receivables decreased by RMB 8.2 million mainly due to lower prepayments to suppliers; and
- Cash and cash equivalents decreased by RMB 28.5 million mainly due to net cash used in operating activities, investing activities and financing activities. Please refer to review of cash flows below for further details.

**Total liabilities**

Total non-current liabilities increased by RMB 8.9 million mainly due to the increase in lease liabilities for acquisition of new shop spaces in Nanqiao Residence.

Total current liabilities decreased by RMB 11.4 million. Significant changes are as follows:

- Trade payables decreased by RMB 13.0 million mainly due to repayment of the bills payable of RMB 20.0 million, partially offset by an increase in trade payables of RMB 7.0 million due to higher purchases of materials and services on the back of increased sales volume;
- Other payables decreased by RMB 1.7 million mainly due to repayments of (i) amount due to shareholders of RMB 1.0 million, and (ii) amount due to a related company of RMB 2.0 million, offset by a net increase in accrued expenses, security deposits from tenants and other payables of RMB 1.3 million in aggregate; and
- Lease liabilities increased by RMB 3.2 million due to additional finance leases in relation to acquisition of new shop spaces in Nanqiao Residence.

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**Total equity**

Total equity attributable to owners of the Company or shareholders' equity increased by RMB 1.1 million to RMB 579.7 million in 1H2024 due to profit for the period of RMB 1.9 million, offset by foreign currency translation loss of RMB 0.8 million in 1H2024.

**Review of Cash Flows (1H2024 vs 1H2023)**

The net operating cash outflow for 1H2024 was RMB 19.4 million after accounting for (i) operating loss before working capital changes of RMB 1.3 million, after adjusting mainly for total non-cash adjustments arose from depreciation, fair value change in financial asset and share of profit of an associate during the period; (ii) net working capital outflows of RMB 17.4 million as a result of decrease of trade and other payables of RMB 10.9 million; and increase in trade and other receivables of RMB 6.5 million (as explained in the above review of financial position); and (iii) tax payment of RMB 0.7 million.

Cash outflow from investing activities was RMB 1.0 million after accounting for total capital expenditure for plant and equipment and other assets of RMB 1.7 million, net of interest income received of RMB 0.7 million. There were no loan to the associate, nor were there any proceeds from loan to other party during 1H2024.

Cash outflow from financing activities was RMB 8.1 million after accounting for (i) payments of lease liabilities of RMB 3.6 million, (ii) payments of interest and factoring expenses of RMB 1.5 million, (iii) payment for amounts due to shareholders' of RMB 1.1 million, and (iv) repayments for short-term loan due to a related party, Chengdu Yunlong Technology Pte Ltd, of RMB 2.0 million. The Group distributed RMB 93.3 million cash to shareholders of the Company in 1H2023 via capital reduction whereas there was none in 1H2024.

Given the above, cash and cash equivalents as at 30 June 2024 fell by RMB 28.5 million to RMB 58.9 million.

- 3.1. 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.

**Treasury Shares**

The Company does not have any treasury shares and does not have any subsidiary that holds shares issued by the Company as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

**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.

- 3.2. 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**

	<b>30.06.2024</b>	<b>31.12.2023</b>
Total number of issued shares excluding treasury shares	407,589,893	407,589,893

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**3.3. 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 period.

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

The figures are based on management accounts and have not been audited or reviewed by our auditors and may be subject of adjustments and/or reclassification.

**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**

	<b>Group</b>	
	<b>30.06.2024</b>	<b>1H2023</b>
	<b>RMB cents</b>	<b>RMB cents (Restated)</b>
Basic and fully diluted basis	0.47	1.52

Basic earnings per share for the six months ended 30 June 2024 and 30 June 2023 was computed based on profit attributable to owners of the Company divided by the weighted average number of shares of 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.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2024</b>	<b>31.12.2023</b>	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>
Net asset value per ordinary share	142.23	141.96	86.35	87.37

Net asset value per share at the end of the current financial period reported on and the immediately preceding financial year was calculated based on total issued shares of 407,589,893.

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

Not applicable.

**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**

Our financial performance depends on implementation of our focused strategies and significant investments in the infrastructure sector, which we:

- (i) provide services for urban renewal and redevelopment; urban infrastructure and projects related (including leasing);
- (ii) procure and supply infrastructure construction materials (including the recently commenced trading business) for urbanisation related projects; and
- (iii) invest and jointly manage investment in EPC projects for land transport infrastructure and environmental conservation in China via our significant equity interest in Ranken Railway (which we effectively owns 48.82%).

We observed that whilst the overall economic growth seems to be elusive, it is encouraging to see a recommended modest but steady 5% GDP growth target for China in 2024 despite mounting concerns over geopolitical tensions, debts crisis and global inflationary pressure. Under such circumstances, we strongly believe that the lingering issues of spiralling real estate crisis in China and its spillover effects are not ignored as the government pledges to preserve economic stability in a bid to boost confidence. Meanwhile, we will have to monitor the global situation closely it has since become more complex than ever before.

Against this backdrop, and we continue to believe that:

- urbanisation appears to be one of the key economic drivers in China as the government has been proactively supporting and promoting urban infrastructure development, urban renewal and city redevelopment in several key clusters under its economic policies and innovation ecosystem;
- the cluster of Chengdu-Chongqing Economic Circle in the western region of China, in particular, may see significant government spending as the cluster aims to further improve integration and infrastructure connectivity under its strategic plans to establish itself as a world-class advanced manufacturing base over a longer term. This region remains as our focal point while we evaluate and implement our growth initiatives; and
- the eco-friendly development, sustainable urban renewal plans and environmental conservation solutions will hold an increasingly important and integral role in the China's urban infrastructure development sector; and that if such related projects could successfully be procured, managed, and executed, will help to diversify and expand our recurring revenue streams.

As disclosed, we have significant investments in EPC projects for land transport infrastructure and environmental conservation in China which we jointly manage via our associate, Ranken Railway. The net asset position of Ranken Railway remains robust and our share of this investment was close to RMB 460 million as at 30 June 2024.

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In the meantime, we are well aware that many industries in China are still dealing with the increasingly higher operating costs and excess capacity concerns amidst the existing challenging external environment. In view of this, while strengthening our execution capabilities and leveraging on market opportunities, we will adopt a more progressive and less aggressive expansion strategy ahead.

**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/recommended, a statement to that effect and the reasons for the decision**

No dividend has been declared or recommended for 1H2024 as the Company seeks to conserve its cash for its existing working capital requirements and projected capital investments for business growth.

**12. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate for interested person transactions.

**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) of the Listing Manual**

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).



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**14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual**

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 months ended 30 June 2024 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Wang Heng**  
**Group Chief Executive Officer**  
**14 August 2024**

**Cheung Wai Suen**  
**Executive Chairman**  
**14 August 2024**