



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

**UNAUDITED CONDENSED FULL YEAR FINANCIAL  
STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2021**

**Contents**

<b>A. Condensed interim consolidated statement of profit or loss .....</b>	<b>1</b>
<b>B. Condensed interim consolidated statement of comprehensive income .....</b>	<b>3</b>
<b>C. Condensed interim statements of financial position .....</b>	<b>3</b>
<b>D. Condensed interim consolidated statement of cash flows .....</b>	<b>5</b>
<b>E. Condensed interim statements of changes in equity .....</b>	<b>7</b>
<b>F. Notes to the condensed interim consolidated financial statements .....</b>	<b>10</b>
<b>G. Other information required by Listing Rule Appendix 7.2 .....</b>	<b>27</b>

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

A. Condensed interim consolidated statement of profit or loss

For the full year ended 31 December 2021

		Group FY 2021	Group FY2020			
	Note	Continuing operations RMB'000	Continuing operations RMB'000	Discontinued operations RMB'000	Total RMB'000	Change %
Revenue	4.2	114,135	18,299	1,073,416	1,091,715	(89.5)
Cost of sales		(90,030)	(7,812)	(990,678)	(998,490)	(91.0)
Gross profit		24,105	10,487	82,738	93,225	(74.1)
Other income	5	6,451	188	7,034	7,222	(10.7)
Reversal of provision for guarantee	13	480	78	–	78	515.4
Selling and distribution expenses		–	–	(6,939)	(6,939)	NM
Administrative expenses		(11,391)	(11,657)	(35,774)	(47,431)	(76.0)
Impairment losses on trade and other receivables and contract assets		(17)	(9,131)	(27,988)	(37,119)	(100.0)
Provision for contingent liabilities		(4,884)	–	–	–	NM
Other expenses		(2,226)	(2,613)	(7,177)	(9,790)	(27.4)
<b>Profit/(loss) from operating activities</b>		<b>12,518</b>	<b>(12,648)</b>	<b>11,894</b>	<b>(754)</b>	<b>NM</b>
Finance costs	6	(1,333)	(224)	(17,735)	(17,959)	(92.6)
Share of profit of associated company		23,167	13,535	3,313	16,848	37.5
<b>Profit/(loss) before tax</b>	<b>7</b>	<b>34,352</b>	<b>663</b>	<b>(2,528)</b>	<b>(1,865)</b>	<b>NM</b>
Tax expense	8	(4,481)	(2,470)	(1,516)	(3,986)	12.4
<b>Profit/(loss) from continuing and discontinued operations</b>		<b>29,871</b>	<b>(1,807)</b>	<b>(4,044)</b>	<b>(5,851)</b>	<b>NM</b>
Pre-tax gain on disposal of a subsidiary		–	–	53,103	53,103	NM
Tax expense		–	–	(16,933)	(16,933)	NM
Post-tax gain on disposal of a subsidiary		–	–	36,170	36,170	NM
<b>Profit/(loss) for the year</b>		<b>29,871</b>	<b>(1,807)</b>	<b>32,126</b>	<b>30,319</b>	<b>(1.5)</b>
<b>Profit/(loss) attributable to:</b>						
- Owners of the Company		29,166	(3,426)	31,441	28,015	4.1
- Non-controlling interests		705	1,619	685	2,304	(69.4)
<b>Profit/(loss) for the year</b>		<b>29,871</b>	<b>(1,807)</b>	<b>32,126</b>	<b>30,319</b>	<b>(1.5)</b>
<b>Earnings/(loss) per share – Basic/(diluted) (cents)</b>		<b>7.15</b>	<b>(0.84)</b>	<b>7.71</b>	<b>6.87</b>	

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

For the half year ended 30 June 2021

		Group 1H2021		Group 1H2020		
	Note	Continuing operations RMB'000	Continuing operations RMB'000	Discontinued operations RMB'000	Total RMB'000	Change %
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	3,605	438	4,352	4,790	(14.3)
Reversal of provision for guarantee		500	—	—	—	NM
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>Profit/(loss) attributable to:</b>						
- Owners of the Company		4,711	(2,131)	12,111	9,980	(52.8)
- Non-controlling interests		221	24	297	321	(31.2)
		<b>4,932</b>	<b>(2,107)</b>	<b>12,408</b>	<b>10,301</b>	<b>(52.1)</b>
<b>Earnings/(loss) per share –</b>						
<b>Basic/(diluted) (cents)</b>		1.16	(0.52)	2.97	2.45	(52.7)

## B. Condensed interim consolidated statement of comprehensive income

For the full year ended 31 December 2021

The Group	Group		
	FY2021 RMB'000	FY2020 RMB'000	
<b>Profit for the year</b>	<b>29,871</b>	<b>30,319</b>	<b>(1.5)</b>
<b>Other comprehensive income/(loss) after tax:</b>			
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences	232	661	(64.9)
Share of other comprehensive income of an associated company	790	(691)	NM
Realisation of reserve upon disposal of a subsidiary	–	(3,276)	NM
<b>Total other comprehensive income for the year</b>	<b>1,022</b>	<b>(3,306)</b>	<b>NM</b>
<b>Total comprehensive income for the year</b>	<b>30,893</b>	<b>27,013</b>	<b>14.4</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company	30,188	24,709	22.2
- Non-controlling interest	705	2,304	(69.4)
<b>Total comprehensive income for the year</b>	<b>30,893</b>	<b>27,013</b>	<b>14.4</b>

For the half year ended 30 June 2021

The Group	Group		
	1H2021 RMB'000	1H2020 RMB'000	
<b>Profit for the period</b>	<b>4,932</b>	<b>10,301</b>	<b>(52.1)</b>
<b>Other comprehensive income/(loss) after tax:</b>			
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences	127	(30)	NM
Share of other comprehensive income of an associated company	488	–	NM
Realisation of reserve upon disposal of a subsidiary			
<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>(46.0)</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>(46.0)</b>

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

C. Condensed interim statements of financial position

		Group		Company	
	Note	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
<b>Assets</b>					
Property, plant and equipment	9	35,738	32,404	39	56
Subsidiaries		–	–	410,786	430,472
Associated company		388,739	344,782	–	–
Restricted cash in an escrow account	10	–	35,698	–	–
<b>Total non-current assets</b>		<b>424,477</b>	<b>412,884</b>	<b>410,825</b>	<b>430,528</b>
Other investment	11	2,812	2,316	2,812	2,316
Inventories		229	1,517	–	–
Contract assets	12	–	6,271	–	–
Trade receivables	12	50,060	18,565	–	–
Other receivables	12	10,413	119,526	336	424
Restricted cash in an escrow account	10	91,698	–	–	–
Cash and cash equivalents	10	118,986	170,909	193	214
<b>Total current assets</b>		<b>274,198</b>	<b>319,104</b>	<b>3,341</b>	<b>2,954</b>
<b>Total assets</b>		<b>698,675</b>	<b>731,988</b>	<b>414,166</b>	<b>433,482</b>
<b>Equity</b>					
Share capital		466,700	466,700	466,700	466,700
Reserves		169,232	139,044	(62,315)	(40,280)
Equity attributable to owners of the Company		635,932	605,744	404,385	426,420
Non-controlling interests		12,600	11,895	–	–
<b>Total equity</b>		<b>648,532</b>	<b>617,639</b>	<b>404,385</b>	<b>426,420</b>
<b>Liabilities</b>					
Provisions	13	10,921	6,517	–	–
Lease liabilities	14	1,060	–	–	–
<b>Total non-current liabilities</b>		<b>11,981</b>	<b>6,517</b>	<b>–</b>	<b>–</b>
Lease liabilities	14	1,011	–	–	–
Trade payables	15	15,822	18,058	–	–
Other payables	15	18,233	70,416	9,781	7,062
Current tax liabilities		3,096	19,358	–	–
<b>Total current liabilities</b>		<b>38,162</b>	<b>107,832</b>	<b>9,781</b>	<b>7,062</b>
<b>Total liabilities</b>		<b>50,143</b>	<b>114,349</b>	<b>9,781</b>	<b>7,062</b>
<b>Total equity and liabilities</b>		<b>698,675</b>	<b>731,988</b>	<b>414,166</b>	<b>433,482</b>

## UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## D. Condensed interim consolidated statement of cash flows

	Group	
	FY2021	FY2020
	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before tax	34,352	51,238
Adjustments for:		
Allowance for impairment losses on doubtful receivables and contract assets	17	37,119
Depreciation of property, plant and equipment	2,853	43,970
Depreciation of investment Properties	–	2,009
Gain on disposal of property, plant and equipment, net	(319)	(232)
Fixed assets written off	–	142
Change in fair value of financial asset designated at fair value through profit or loss	(613)	706
Bad debts written off	–	15
Inventories written off	–	782
Gain on disposal of a subsidiary	–	(53,103)
Transaction costs incurred	–	1,241
Interest income	(4,910)	(917)
Interest expense	1,333	17,959
Reversal of provision for guarantee	(480)	(78)
Provision for contingent liabilities	4,884	–
Share of profit of equity-accounted investees, net of tax	(23,167)	(16,848)
<b>Operating (loss)/profit before working capital changes</b>	<b>13,950</b>	<b>84,003</b>
Changes in working capital:		
Inventories	1,288	17,154
Contract assets	6,316	(163,137)
Contract liabilities	–	(63,402)
Trade and other payables	(1,737)	(86,182)
Trade and other receivables	(30,524)	197,545
<b>Cash flows used in operations</b>	<b>(10,707)</b>	<b>(14,019)</b>
Tax paid	(3,810)	(7,528)
<b>Net cash used in operating activities</b>	<b>(14,517)</b>	<b>(21,547)</b>
<b>Investing activities</b>		
Interest received	4,308	917
Payment for purchase of property, plant and equipment	(3,480)	(51,977)
Investment in an associated company	(20,000)	(10,000)
Proceeds from disposal of property, plant and equipment	648	18,307
Tax paid on gain on disposal of a subsidiary	(16,933)	–
Net cash generated from disposal of a subsidiary	56,000	95,230
Transfer to escrow account (see note 10(A) below)	(56,000)	(35,698)
<b>Net cash (used in)/generated from investing activities</b>	<b>(35,457)</b>	<b>16,779</b>

## UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group	
	FY2021	FY2020
	RMB'000	RMB'000
<b>Financing activities</b>		
Interest paid	(1,333)	(19,428)
Proceeds from bank loans	—	120,000
Proceeds from secured borrowing from a financial institution	—	47,000
Repayment of bank loans	—	(79,000)
Repayment of secured borrowings from a financial institution	—	(40,000)
Payment of finance liabilities	(966)	(23,044)
Release of fixed deposits pledged, net	—	4
<b>Net cash (used in)/generated from in financing activities</b>	<b>(2,299)</b>	<b>5,532</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(52,273)</b>	<b>764</b>
Cash and cash equivalents at beginning of the year	170,909	169,341
Effect of exchange rate fluctuation on cash held	350	804
<b>Cash and cash equivalents at end of the year (note 10)</b>	<b>118,986</b>	<b>170,909</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 year.*

## E. Condensed interim statements of changes in equity

## Consolidated Statements of Changes in Equity

The Group	Share capital RMB'000	Capital reserve RMB'000	Fair value Reserve RMB'000	Other reserve RMB'000	Foreign exchange translation reserve RMB'000	Retained profits RMB'000	Total Equity RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<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 year	–	–	–	–	–	29,166	29,166	705	29,871
Foreign currency translation differences	–	–	–	–	232	–	232	–	232
Share of other comprehensive income of associated company	–	–	–	–	790	–	790	–	790
Total other comprehensive income	–	–	–	–	1,022	–	1,022	–	1,022
Total comprehensive income	–	–	–	–	1,022	29,166	30,188	705	30,893
<b>Balance at 31 December 2021</b>	466,700	(7,585)	(14,205)	(8,968)	2,275	197,715	635,932	12,600	648,532



## 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>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 year	—	—	—	—	—	28,015	28,015	2,304	30,319
Foreign currency translation Differences	—	—	—	—	661	—	661	—	661
Share of other comprehensive income of associated company	—	—	—	—	(691)	—	(691)	—	(691)
Realisation of reserve upon disposal of subsidiaries	—	—	—	—	(3,276)	—	(3,276)	—	(3,276)
Total comprehensive income	—	—	—	—	(3,306)	—	(3,306)	—	(3,306)
	—	—	—	—	(3,306)	28,015	24,709	2,304	27,013
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owner</b>									
Changes in non-controlling interests arising from	—	—	—	—	—	1,315	1,315	(1,315)	—
<b>Total contributions by and distributions to owners</b>	—	—	—	—	—	1,315	1,315	(1,315)	—
<b>Balance at 31 December 2020</b>	466,700	(7,585)	(14,205)	(8,968)	1,253	168,549	605,744	11,895	617,639

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 year	—	—	—	—	—	(2,579)	(2,579)
Foreign currency translation Differences	—	—	—	—	(19,456)	—	(19,456)
Total comprehensive income for the financial year	—	—	—	—	(19,456)	(2,579)	(22,035)
<b>Balance at 31 December 2021</b>	<b>466,700</b>	<b>(8,294)</b>	<b>(14,205)</b>	<b>(8,968)</b>	<b>(8,277)</b>	<b>(22,571)</b>	<b>404,385</b>
<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 year	—	—	—	—	—	(15,161)	(15,161)
Foreign currency translation Differences	—	—	—	—	(21,075)	—	(21,075)
Total comprehensive income for the financial year	—	—	—	—	(21,075)	(15,161)	(36,236)
<b>Balance at 31 December 2020</b>	<b>466,700</b>	<b>(8,294)</b>	<b>(14,205)</b>	<b>(8,968)</b>	<b>11,179</b>	<b>(19,992)</b>	<b>426,420</b>

## F. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

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

These condensed interim consolidated financial statements as at and for the year ended 31 December 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 associate company are set out in Notes 7 and 8 respectively in the FY2020 Annual Report. There are no significant changes of principal activities for year ended 31 December 2021.

### 2. Basis of Preparation

The condensed interim financial statements for the year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 adoption of the new and amended SFRS(I)s does not have a material impact on the financial statements of the Company in the year of their initial adoption.

## 2.2 Use of judgements and estimates

The preparation of the condensed financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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 at the balance sheet date, the Group's significant associate has recorded provision for onerous contracts on three construction projects amounting to RMB1 million.

(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 31.12.2021, the Group has received RMB 280 million (31 December 2020: 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 and is included in "cash and cash equivalents".

As at 31.12.20, RMB 35.7 million was 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. In FY2021, the amount has been reclassified from "non-current portion" to "current portion" in the consolidated statement of financial position, together with RMB 56 million received in FY 2021, is expected to be released from the Escrow Account within the next 12 months on the basis that the financial conditions have been met; subject to SGX-ST's approval for the Company to cease such escrow arrangement.

(v) Provision for contingent liabilities (Note 13(A))

The provision for contingent liabilities as disclosed in Note 13(A) relates to the guarantee provided by the Group to the Investor for the recoverability of outstanding receivable balances in Ranken Group as at 31 August 2020. Should Ranken Railway fail to collect such receivables within 5 years from the date on which such receivables are due, Ranken Railway shall be entitled to offset such amounts against the dividend payable to the Group and the Group shall be liable to reimburse any excess receivables which remain outstanding after the set-off to Ranken Railway. 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. During the current financial year, the Group recorded an additional provision of RMB4.9 million.

(vi) 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 31 December 2021 is RMB 3.1 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) Accounting for investment in associate

In applying the equity method on the Group's interest in Ranken Group for the financial year ended 31 December 2021, management has made certain adjustments of RMB9.7 million to the financial results of Ranken Group to align the accounting policies of Ranken Group with those of the Group. Two of these adjustments included (a) the reversal of impairment losses amounting to approximately RMB7.3 million on Ranken Group's trade and other receivables and contract assets in accordance with SFRS(I) 9 – Financial Instruments, and (b) the accounting of Ranken Group's share of profit in an associate amounting to RMB4.4 million who is the operator of a public private partnership ("PPP") arrangement to build, operate and transfer the first phase of Chengdu Wuhou District Liveable Riverbank Project.

These adjustments involve the use of significant accounting estimates such as the assumptions used in the expected credit loss model in determining the adequacy of the provision for impairment loss recognised and the expected construction margin applied on the PPP arrangement undertaken by the associate of Ranken Group and the reasonableness of the fair value of the construction services during the construction phase of the PPP project in FY 2021.

(iii) 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 31.12.2021, if the estimated total contract costs decrease by 5% from management's estimates, the Group's share of profit in Ranken Group will increase by approximately RMB 5.1 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 5.1 million.

(iv) 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 5.4 million and RMB 17,000 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 year.

### 4. Segment and revenue information

#### 4.1 Reportable Segment

For the year ended 31 December 2021 and 31 December 2020, the Group has only one reportable segment, the infrastructure segment. The Company continues to be an investment management and holding company with a business model aligned towards urbanisation trends.

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

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

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 associated company.

**For the year ended 31 December 2021**

	Infrastructure				FY2020
	FY2021				
	Jialong	Yilong	Chengdu	Total	
	RMB'000	RMB'000	KQR RMB'000	RMB'000	RMB'000
External revenues	30,793	83,342	–	114,135	1,091,715
Interest income	4	15	4,881	4,900	917
Interest expense	(127)	(1,206)	–	(1,333)	(17,952)
Depreciation	1,012	1,827	–	2,839	45,899
Share of profit of associated company	–	–	23,167	23,167	16,848
Reportable segment profit before tax	8,999	8,121	22,807	39,927	69,098
Reportable segment assets	31,019	103,112	561,153	695,284	730,568
Capital expenditure	3,037	3,480	–	6,517	51,977
Reportable segment liabilities	(18,914)	(10,228)	(44,844)	(73,986)	(108,877)

\* The reportable segment profit before tax of RMB 39,927,000 includes RMB 23,167,000 share of profit of associated company (Ranken Railway). Excluding the share of profit of associated company, the profit before tax of Chengdu KQR Group is RMB 16,760,000 and it represents 48.8% of the Group's profit before tax of RMB 34,352,000.

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

	FY2021 RMB'000	FY2020 RMB'000
<b>Revenue</b>		
Total revenue for reportable segments	114,135	1,091,715
<b>Profit or loss</b>		
Total profit before tax for reportable segments	39,927	15,995
Post-tax gain on disposal of a subsidiary	–	36,170
Unallocated amounts:		
- Other income	1,348	209
- Other expense	(6,923)	(18,069)
- Tax expense	(4,481)	(3,986)
Consolidated profit for the year	29,871	30,319
<b>Assets</b>		
Total assets for reportable segments	695,284	730,568
Elimination of inter-segment assets	–	(1,590)
Other unallocated amounts	3,391	3,010
Consolidated total assets	698,675	731,988
<b>Liabilities</b>		
Total liabilities for reportable segments	(73,986)	(108,877)
Elimination of inter-segment liabilities	36,435	–
Other unallocated amounts	(12,592)	(5,472)
Consolidated total liabilities	(50,143)	(114,349)



UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Reportable segment total RMB'000	Unallocated amounts RMB'000	Consolidated total RMB'000
<b>Other material items FY2021</b>			
Interest income	4,900	10	4,910
Interest expense	(1,333)	–	(1,333)
Depreciation	(2,839)	(14)	(2,853)
Capital expenditure	(6,517)	–	(6,517)

<b>Other material items FY2020</b>			
Interest income	917	–	917
Interest expense	(17,952)	(7)	(17,959)
Depreciation	(45,899)	(80)	(45,979)
Capital expenditure	(51,977)	–	(51,977)

**Geographical information**

	Revenue		Non-current assets	
	FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000
Singapore	–	–	39	56
China	114,135	1,087,413	421,507	370,560
Sri Lanka	–	4,302	–	–
<b>Total</b>	<b>114,135</b>	<b>1,091,715</b>	<b>421,546</b>	<b>370,616</b>

**For the period ended 30 June 2021**

	Infrastructure 1H2021			1H2020	
	Jialong RMB'000	Yilong RMB'000	Chengdu KQR RMB'000	Total RMB'000	RMB'000
External revenues	2,387	28,152	–	30,539	640,676
Interest income	2	11	2,362	2,375	207
Interest expense	–	(1,117)	–	(1,117)	(9,486)
Depreciation	(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.

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

	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
Interest expense	(1,117)	–	(1,117)
Depreciation	(1,290)	(8)	(1,298)
Capital expenditure	3,126	–	3,126
<b>Other material items 1H2020</b>			
Interest income	207	–	207
Interest expense	(9,486)	(8)	(9,494)
Depreciation	(14,678)	(86)	(14,764)
Capital expenditure	3,961	–	3,961

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**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	FY2021 RMB'000	FY2020 RMB'000
Revenue from contracts with customers	23,439	637,807	102,203	1,084,963
Warehouse, premises and equipment Leasing	7,100	2,869	11,932	6,752
<b>Total</b>	<b>30,539</b>	<b>640,676</b>	<b>114,135</b>	<b>1,091,715</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	FY2021 RMB'000	FY2020 RMB'000
<b>Major products/service lines</b>				
Infrastructure:				
- Sale of goods	21,043	–	72,022	14,186
- Rendering of services	2,396	17,604	30,181	77,334
- Construction contracts	–	620,203	–	993,443
	<b>23,439</b>	<b>637,807</b>	<b>102,203</b>	<b>1,084,963</b>

**Primary geographical markets**

China	23,439	633,505	102,203	1,080,661
Sri Lanka	–	4,302	–	4,302
	<b>23,439</b>	<b>637,807</b>	<b>102,203</b>	<b>1,084,963</b>

**Timing of revenue recognition**

Products transferred at a point in time	21,043	–	72,022	91,520
Products and services transferred over time	2,396	637,807	30,181	993,443
Revenue from contracts with customers	<b>23,439</b>	<b>637,807</b>	<b>102,203</b>	<b>1,084,963</b>

Note: The above excludes revenue from leasing.

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. Other income

	Group			
	1H2021 RMB'000	1H2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000
Interest income – banks	2,375	207	4,308	917
Interest income – associated company	–	–	602	–
Rental income	–	2,147	–	3,715
Government grants	40	1,094	60	1,470
Exchange gain, net	–	748	–	344
Change in fair value of financial asset designated as fair value through profit or loss	1,045	–	613	–
Gain on disposal of property, plant and equipment, net	–	312	319	232
Reversal of impairment loss on trade and other receivables and contract assets	44	–	–	–
Others	101	282	549	544
	<u>3,605</u>	<u>4,790</u>	<u>6,451</u>	<u>7,222</u>
Represented by:				
Continuing operations	3,605	438	6,451	188
Discontinued operations	–	4,352	–	7,034
	<u>3,605</u>	<u>4,790</u>	<u>6,451</u>	<u>7,222</u>

6. Finance costs

	Group			
	1H2021 RMB'000	1H2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000
Interest expense – banks and financial Institution	–	7,639	–	14,740
Interest expense – lease liabilities	–	1,855	127	3,219
Factoring expenses	1,117	–	1,206	–
	<u>1,117</u>	<u>9,494</u>	<u>1,333</u>	<u>17,959</u>
Represented by:				
Continuing operations	1,117	11	1,333	224
Discontinued operations	–	9,483	–	17,735
	<u>1,117</u>	<u>9,494</u>	<u>1,333</u>	<u>17,959</u>

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**7. Profit before tax**

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

**For the year ended 31 December 2021**

	Group			
	FY2021		FY2020	
	Continuing	Continuing	Discontinued	Total
	operations	operations	operations	
	RMB'000	RMB'000	RMB'000	RMB'000
Bad debts written off	—	—	(15)	(15)
Inventories written off	—	—	(782)	(782)
Fixed assets written off	—	—	(142)	(142)
Change in fair value of financial asset designated as fair value through profit or loss	613	(706)	—	(706)
Exchange loss, net	(266)	344	—	344
Gain on disposal of property, plant and equipment, net	319	320	(88)	232
Provision for contingent liabilities	(4,884)	—	—	—
Depreciation of property, plant and equipment	(2,853)	(1,266)	(42,704)	(43,970)
Depreciation of investment properties	—	—	(2,009)	(2,009)

**For the half year ended 30 June December 2021**

	Group			
	1H2021		1H2020	
	Continuing	Continuing	Discontinued	Total
	operations	operations	operations	
	RMB'000	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**

	Group			
	1H2021	1H2020	FY2021	FY2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current tax expense</b>				
- Current year	931	1,991	4,481	16,933
- Overprovision in prior years	—	—	—	(2,946)
	931	1,991	4,481	13,987
<b>Deferred tax expense</b>				
Origination and reversal of temporary Differences	—	87	—	6,932
	931	2,078	4,481	20,919
Represented by:				
Continuing operations	931	44	4,481	2,470
Discontinued operations	—	2,034	—	1,516
Discontinued operations – Gain on disposal of a subsidiary	—	—	—	16,933
	931	2,078	4,481	20,919

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**9. Property, plant and equipment**

During the year ended 31 December 2021, the Group acquired assets amounting to RMB 6,517,000 (31 December 2020: RMB51,977,000) and disposed of assets amounting to RMB 327,000 (31 December 2020: RMB 18,217,000). The additions during the year include assets acquired under rights of use of RMB 3,037,000 (31 December 2020: Nil).

**10. Cash and cash equivalents**

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current:</b>				
- Restricted cash in an Escrowed Account (Note A)	—	35,698	—	—
<b>Current:</b>				
- Cash and bank balances (Note B)	118,986	170,909	193	214
- Restricted cash in an Escrowed Account (Note A)	91,698	—	—	—
Cash and cash equivalents in the statements of financial position	210,684	206,607	193	214
Restricted cash in an Escrowed Account (Note A)	(91,698)	(35,698)		
Cash and cash equivalents in the statement of cash flows	118,986	170,909		

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

Note A: As at 31 December 2021, the remaining 35.7% of the Net Proceeds amounting to RMB91,698,000, being the Tranche 2 Escrowed Sum is included in “cash and cash equivalents” on the basis that financial conditions have been met and subject to SGX-ST’s approval for the Company to cease such escrow arrangement in the next 12 months; and

Note 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.

## 11. Other investment

### Equity investments – mandatorily at FVTPL

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

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Hong Kong listed equity securities</b>				
China Vanadium Titano-Magnetite Mining Company Limited	2,812	2,316	2,812	2,316

During the year, the Group had not disposed any its investments.

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

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

The following table presented the assets measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Group and Company as at 31.12.2021</b>				
Equity investments – mandatorily at FVTPL	2,812	–	–	2,812
<b>Group and Company as at 31.12.2020</b>				
Equity investments – mandatorily at FVTPL	2,316	–	–	2,316

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. Contract assets, trade receivables and other receivables

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Contract assets</b>				
Retention monies	—	6,316	—	—
Impairment loss	—	(45)	—	—
Net	—	6,271	—	—
<b>Trade receivables</b>				
Third parties	6,437	1,563	—	—
Associated company	43,686	17,003	—	—
	50,123	18,566	—	—
Impairment loss	(63)	(1)	—	—
Net	50,060	18,565	—	—
<b>Other receivables</b>				
Other receivables due from third parties	4,335	6,548	132	139
Amount due from former subsidiary	14,859	15,571	14,859	15,571
Impairment loss	(14,859)	(15,571)	(14,859)	(15,571)
	4,335	6,548	132	139
Amount due from an associated company	—	52,682	—	—
Consideration receivable from the investor	—	56,000	—	—
Deposits	42	47	42	47
Financial assets at amortised costs	4,377	115,277	174	186
Other tax recoverable	80	90	80	90
Prepayments	5,956	4,159	82	148
Net	10,413	119,526	336	424

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

	Group		Company	
	FY2021	FY2020	FY2021	FY2020
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year	15,617	33,354	15,571	6,121
Impairment losses recognised	17	37,119	—	9,243
Effects of deconsolidation	—	(55,153)	—	—
Effects of functional currency translation	(712)	297	(712)	207
At end of the year	14,922	15,617	14,859	15,571



**UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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 year.

**13. Provisions**

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Provision for contingent liabilities (Note A)	9,790	4,906
Provision for guarantee (Note B)	1,131	1,611
At end of the year	10,921	6,517

Note A – relates to guarantee for accounts receivables of an associated company. Movement during the year as follows:

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January	4,906	–
Provision recognised on disposal of a subsidiary	–	4,906
Charge to profit and loss	4,884	–
At end of the year	9,790	4,906

Note B – relates to guarantee and covered guarantee for banking facilities of an associated company.

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January	1,611	–
Provision recognised on disposal of a subsidiary	–	1,689
Reverse to profit and loss	(480)	(78)
At end of the year	1,131	1,611

**14. Lease liabilities**

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Non-current	1,060	–
Current	1,011	–
	2,071	–

The lease liabilities relate to right of use assets – premises with carrying value of RMB 2,025,000 as at 31 December 2021.

Other than the above, the Group has no borrowings and debts securities as at 31 December 2021 and 31 December 2020.

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**15. Trade and other payables**

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Trade payables</b>				
Trade payable to third parties	15,822	18,058	–	–
	15,822	18,058	–	–
<b>Other payables</b>				
Other payable to third parties	13,719	13,015	4,113	4,245
Amount due to a subsidiary	–	–	4,985	1,590
Amount due to an associated company	–	52,537	–	–
Employees benefits	2,747	4,830	683	1,227
Financial liabilities at amortised costs	16,466	70,382	9,781	7,062
Other tax payables	1,767	34	–	–
	18,233	70,416	9,781	7,062

**16. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial Assets</b>				
Equity investments – mandatorily at FVTPL	2,812	2,316	2,812	2,316
Cash and bank balances, trade and other receivables and contact assets (Amortised cost)	265,121	346,720	367	400
	267,933	349,036	3,179	2,716
<b>Financial Liabilities</b>				
Provisions	10,921	6,517	–	–
Trade and other payables and lease liabilities (Amortised cost)	34,359	88,440	9,781	7,062
	45,280	94,957	9,781	7,062

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**17. Related party transactions**

	Group	
	FY2021 RMB'000	FY2020 RMB'000
Revenue from contracts with customer – construction contracts – associated company	–	262,103
Leasing income	9,859	7,748
Sale of goods	50,006	5,971
Rendering of services	27,127	595
Interest income – associated company	602	–
Expenses incurred for legal fees where a director is a partner of the legal firm	432	978

**Other related party balances**

	Group	
	31.12.2021 RMB'000	31.12.2020 RMB'000
Guarantee provided for banking facilities – associated company	34,993	148,000
Covered guarantee provided for banking facilities – associated company *	97,582	–

\* Determined based on the KQR Chengdu's 49.82% share of RMB 196 million.

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

**18. Subsequent events**

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

**G. Other information required by Listing Rule Appendix 7.2.**

**1. Review**

The condensed consolidated statement of financial position of Sapphire Corporation Limited and its subsidiaries as at 31 December 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 year 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 (FY2021 vs FY2020)**

*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 CJPS 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 977.6 million to RMB 114.1 million mainly due to the disposal of Ranken Railway which was completed on 27 October 2020. Revenue from continuing operations rose by RMB 95.8 million to RMB 114.1 million. The Group recorded higher revenue from warehouse, premises 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 and International Community Service Centre at Laoma Road, as well as consulting services for Xijiang River Basin Water Environment Comprehensive Improvement Project in Longquanyi District, Chengdu. and urban improvement and renewal works for the First Ring Road of Chengdu, Wuhou district.

**UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

For the similar reasons mentioned above (mainly the disposal of Ranken Railway), gross profit fell by RMB 69.1 million to RMB 24.1 million. Whereas gross profit from continuing operations rose by RMB 13.6 million to RMB 24.1 million due to higher revenue. However, margins for continuing operations have deteriorated with higher cost of sales for the new revenue stream.

Other income fell by RMB 0.8 million to RMB 6.5 million mainly due the disposal of Ranken Railway offset by a gain in fair value of financial asset and higher interest income during year.

The reversal of provision for guarantee of banking facilities of an associated company is mainly due to a lower exposure for guarantee provided as certain guarantee for loans has expired/repaid and the Group is exposed to only its share (49.82%) of the risk for the covered guarantee provided for banking facilities of the associated company. A lower risk profile has also been assessed for the guarantee provided.

Selling and distribution is zero for FY2021 due the disposal of Ranken Railway.

Administrative expenses fell by RMB 36.0 million to RMB 11.4 million mainly due the disposal of Ranken Railway. Administrative expenses from continuing operations fell by RMB 0.3 million to RMB 11.4 million mainly due to cost control measures.

Impairment losses on trade and other receivables and contract assets fell by RMB 37.1 million to RMB 17 thousand mainly due the disposal of Ranken Railway. Impairment losses for continuing operations fell by RMB 9.1 million in the absence of impairment loss for other receivable arising from uncertainty of collection due to under-performance and unfavorable market conditions of a debtor recorded by Sapphire recorded in FY2020.

Provision of RMB 4.9 million was recorded during the year for contingent liabilities in relation to guarantee for accounts receivables of an associated company, mainly due to the passage of time and thus a higher risk of non-repayment. The guarantee was provided during the disposal of Ranken Railway in October 2020.

Other expenses fell by RMB 7.6 million to RMB 2.2 million mainly due to the disposal of Ranken Railway and absence of loss in fair value of financial asset.

Finance costs fell by RMB 16.6 million to RMB 1.3 million mainly due to disposal of Ranken Railway. Other than the lease liabilities disclosed on page 26, the Group does not have any other loan and borrowings, however incurred factoring expenses for operating cashflow requirement.

Share of profit of equity-accounted investees (net of tax) rose by RMB 6.4 million to RMB 23.2 million, mainly due to the full year equity-accounting for share of profits of Ranken Railway, whereas in FY2021 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. and 2 months results of Ranken Railway.

Tax expenses rose by RMB 0.5 million to RMB 4.4 million mainly due higher operating profit during the year.

There is no gain on disposal of a subsidiary in FY2021 as the disposal of Ranken Railway occurred in FY2020.

Given the above, net profit for FY2021 rose by RMB 1.2 million to RMB 29.2 million, net of non-controlling interest.

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

Total non-current assets rose by RMB 11.6 million mainly due to the following significant changes during the year:

- Property, plant and equipment rose by RMB 3.3 million mainly due to acquisition offset by depreciation during the year;
- Associated company rose by RMB 44.0 million mainly due to the Group's share of profit and other comprehensive income of associated company as well as increase in investment in associated company, Ranken Railway; and
- Non-current restricted cash in an escrow account fell to zero as the financial conditions have been met and the amount has been classified as current at the year end.

Total current assets fell by RMB 44.9 million mainly due to the following significant changes during the year:

- Other investment rose by RMB 0.5 million mainly due to increase in fair value of quoted shares classified as financial assets at fair value;
- Inventories fell by RMB 1.3 million mainly due to the amortisation of the reusable materials;
- Contract assets fell to zero as it has been reclassified to trade receivables;
- Trade receivables rose by RMB 31.5 million mainly due higher revenue during the year;
- Other receivables fell by RMB 109.1 million mainly to (a) the offset of amount due from Ranken Railway against other payable to Ranken Railway and (b) receipt of RMB 56.0 million outstanding amount due from the investor;
- Current restricted cash in an escrow rose by RMB 91.7 million mainly due to (a) receipt of RMB 56.0 million outstanding amount due from the investor and (b) reclassification of the non-current restricted cash in an escrow account as the financial conditions have been met; and
- Cash and cash equivalents fell by RMB 51.9 million, mainly due to cash outflow from operating activities and increase in investment in associated company.

Total non-current liabilities rose by RMB 5.5 million mainly due to the following significant changes during the year:

- Provisions rose by RMB 4.4 million mainly due to the increase in provision for provision for contingent liabilities in relation to guarantee for accounts receivables of an associated company provided during the disposal of Ranken Railway, offset by reversal of provision for guarantee of banking facilities of an associated company; and
- Non-current lease liabilities rose by RMB 1.1 million due to recognition of new lease liabilities for rights of use assets for premises used for the new business operations.

Total current liabilities fell by RMB 69.7 million mainly due to the following significant changes during the year:

- Trade payables fell by RMB 2.2 million mainly due to a shorter credit period given for purchases of construction materials;
- Other payables fell by RMB 52.2 million mainly due to the offset of payable to Ranken Railway against other receivable from Ranken Railway;
- Current lease liabilities rose by RMB 1.0 million due to recognition of new lease liabilities for rights of use assets for premises used for the new business operations; and
- Current tax liabilities fell by RMB 16.3 million mainly due to payment during the year.

**Total equity**

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 30.2 million due to profit for the year of RMB 29.2 million and other comprehensive income of RMB 1.0 million.

**Review of Cash Flows (FY2021 vs FY2020)**

Operating cash outflow reduced by RMB 7.0 million mainly due to the disposal of Ranken Railway. The operating cash outflow for FY2021 of RMB 14.5 million is after accounting for (a) operating profit before working capital changes of RMB 14.0 million and (ii) net working capital changes of RMB 24.7 million, net of tax payment of RMB 3.8 million. The Group recorded negative operating cashflow mainly due to higher trade receivables arising from higher revenue from continuing operations.

Cash used in investing activities fell by RMB 52.2 million to cash outflow of RMB 35.5 million mainly due to (a) lower proceeds from disposal of plant and equipment (b) lower cash generated from disposal of a subsidiary (c) payment of tax in relation to the disposal of a subsidiary (d) higher payment for investment in associated company, offset by lower payment for purchase of plant and equipment.

Cash flows from financing activities fell by RMB 7.8 million to outflow of RMB 2.3 million mainly due to the absence of proceeds from bank loans and refinancing of lease liabilities. The financing cash outflow for FY2021 relates to payment for factoring expenses and payment of lease liabilities.

Given the above, cash and cash equivalents fell by RMB 52.3 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.

- 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**

	31.12.2021	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.

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**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 12 months ended	
	FY2021	FY2020
Basic earnings per share (RMB cents)	7.15	6.87
Diluted earnings per share (RMB cents)	7.15	6.87

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 12 months ended	
	FY2021	FY2020
Weighted average number of shares	407,589,893	407,589,893

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

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

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

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net asset value per ordinary share (RMB cents)	156.02	148.62	99.21	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 1H2021 results announcement on 13 April 2022:

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

The above actual results for FY2021 are in line with the prospect statement disclosed on 13 April 2022 where revenue from continuing operations in FY2021 rose by RMB 95.8 million to RMB 114.1 million.

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

As challenges from the spread of the highly contagious Omicron variant of the coronavirus remained unabated, the Chinese economy continues to face uncertainties.

While China has set its economic growth target at around 5.5% in 2022, it has recently highlighted that this economic growth target should serve as guidance rather than a hard target that must be achieved.

Over the past several decades, China's strong economic growth has gone hand-in-hand with urbanisation and China's urbanisation rate of permanent residence hit 64.72% in 2021, according to the country's top economic planner. Over the past year, the country has seen an accelerated trend of rural residents moving to cities, said the National Development and Reform Commission.

According to China's 14th Five-Year Plan (2021-2025), it aims to raise its urbanisation rate to 65% in the period with a focus on people-centered approach in advancing new urbanisation strategy, promoting the high-quality development of urbanization in 2022.

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 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.

According to a World Bank report, the Chongqing-Chengdu metropolis will serve as a center for the development of western China, a gateway for the Yangtze Economic Belt, a logistics node for the Eurasian overland Belt & Road Initiative and a strategic economic fulcrum for ASEAN.

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

In 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.

Hence, there is a growing need for future communities that combine the characteristics of both residential buildings and community public service that focuses on improving people's daily life experience. These will particularly arise from sizeable improvements in cross-city transit systems, mixed-use residential-recreational-commercial developments, and the adoption of renewable energies.

**UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

In addition, on the back of increasingly stringent environmental protection regulations in China and to combat climate change, 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 services related to city redevelopment and eco-industrial parks.

**10 Dividend**

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

No.

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

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

As disclosed above on page 21, 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 4 July 2022:

“As SGX-ST had informed the Company that SGX-ST has no comments to the Proposed Capital Reduction (as defined in the announcement dated 3 June 2022 (“Previous Announcement”)), the Board wishes to update that the Company intends to fulfill the undertaking set out in paragraph 4 (of the announcement dated 4 July 2022) by distribution to the Shareholders in the form of the Proposed Cash Distribution after the completion of the Proposed Capital Reduction instead of earlier proposed distribution in the form of dividends pursuant to the Proposed Scrip Distribution Scheme (as defined in the Previous Announcement). There is no change to the arrangement that pending such distribution, the Dividend Allocation Sum will continue to remain in the Escrow Account.”

(For further details please refer to the Company’s announcement dated 4 July 2022)

UNAUDITED CONDENSED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**12 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 31 December 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).

**14 A breakdown of sales**

	2021 RMB'000	2020 RMB'000	Change %
(a) Sales reported for first half year	30,539	640,676	(95.2)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	4,932	10,301	(52.1)
(c) Sales reported for second half year	83,596	451,039	(81.5)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	24,939	20,018	24.6

**15 Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or Chief Executive Officer or Substantial Shareholder of the Company as at 31 December 2021.

**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 year ended 31 December 2021 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Wang Heng**  
Group Chief Executive Officer  
8 September 2022

**Cheung Wai Suen**  
Executive Chairman  
8 September 2022