



SAPPHIRE CORPORATION LIMITED
REGISTRATION NUMBER: 198502465W

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER
2023**

Contents

A. Condensed interim consolidated statement of profit or loss	1
B. Condensed interim consolidated statement of comprehensive income.....	2
C. Condensed interim statements of financial position	3
D. Condensed interim consolidated statement of cash flows.....	4
E. Condensed interim statements of changes in equity	5
F. Notes to the condensed interim consolidated financial statements	8
G. Other information required by Listing Rule Appendix 7.2.....	21

A. Condensed interim consolidated statement of profit or loss

	Group			Group		
	2H2023 RMB'000	2H2022 RMB'000	Change %	FY2023 RMB'000	FY2022 RMB'000	Change %
Revenue	35,483	40,734	(12.9)	80,039	97,593	(18.0)
Cost of sales	(35,226)	(36,869)	(4.5)	(78,648)	(84,181)	(6.6)
Gross profit/(loss)	257	3,865	(93.4)	1,391	13,412	(89.6)
Other income	2,494	4,077	(38.8)	4,334	7,430	(41.7)
Administrative expenses	(9,157)	(4,838)	89.3	(17,831)	(10,719)	66.3
Impairment losses on trade and other receivables	(6,885)	-	100	(6,885)	-	100
Provision (recognised)/ reversed	(2,995)	3,132	N/M	(2,995)	3,132	N/M
Other expenses	(1,666)	(1,152)	44.6	(2,060)	(2,410)	(14.5)
(Loss)/profit from operating activities	(17,952)	5,084	N/M	(24,046)	10,845	N/M
Finance costs	(1,217)	(1,212)	0.4	(1,987)	(1,801)	10.3
Share of profit of equity-accounted investees (net of tax)	17,937	18,211	(1.5)	31,614	25,026	26.3
(Loss)/profit before tax	(1,232)	22,083	N/M	5,581	34,070	(83.6)
Tax credit/(expense)	441	(173)	N/M	402	(2,643)	N/M
(Loss)/profit for the year	(791)	21,910	N/M	5,983	31,427	(81.0)
(Loss)/profit attributable to:						
Owners of the Company	(472)	21,461	N/M	5,788	30,686	(81.1)
Non-controlling interests	(319)	449	N/M	195	741	(73.7)
(Loss)/profit for the year	(791)	21,910	N/M	5,983	31,427	(81.0)
(Losses)/earnings per share – Basic/diluted (cents)	(0.12)	5.27	N/M	1.42	7.53	(81.1)

N/M denotes Not Meaningful

B. Condensed interim consolidated statement of comprehensive income

The Group	Group			Group		
	2H2023 RMB'000	2H2022 RMB'000	Change %	FY2023 RMB'000	FY2022 RMB'000	Change %
(Loss)/Profit for the year	(791)	21,910	N/M	5,983	31,427	(81.0)
Other comprehensive loss after tax:						
Items that are or may be reclassified to profit or loss:						
- Foreign currency translation differences	(98)	(46)	113.0	(3,384)	(214)	N/M
- Share of other comprehensive loss of an associated company	608	4,129	(85.3)	(1,066)	4,062	N/M
Total other comprehensive income for the year	510	4,083	(87.5)	(4,450)	3,848	N/M
Total comprehensive income for the year	(281)	25,993	N/M	1,533	35,275	(95.7)
Total comprehensive income attributable to						
- Owners of the Company	38	25,544	(99.9)	1,338	34,534	(96.1)
- Non-controlling interest	(319)	449	N/M	195	741	(73.7)
	(281)	25,993	N/M	1,533	35,275	(95.7)

C. Condensed interim statements of financial position

	Note	Group		Company	
		Unaudited 31.12.2023 RMB'000	Audited 31.12.2022 RMB'000	Unaudited 31.12.2023 RMB'000	Audited 31.12.2022 RMB'000
Assets					
Property, plant and equipment	9	68,624	57,324	358	50
Subsidiaries		-	-	370,519	356,143
Associated company	10	448,375	417,827	-	-
Total non-current assets		516,999	475,151	370,877	356,193
Other investment	11	925	1,635	925	1,635
Inventories		15	-	-	-
Trade receivables	12	45,194	57,190	-	-
Other receivables	12	72,751	36,870	427	474
Restricted cash in an escrow account	13	-	91,698	-	-
Cash and cash equivalents	13	87,389	107,530	173	97,612
Total current assets		206,274	294,923	1,525	99,721
Total assets		723,273	770,074	372,402	455,914
Equity					
Share capital	14	350,874	466,700	350,874	466,700
Reserves		227,675	203,766	5,233	(24,593)
Equity attributable to owners of the Company		578,549	670,466	356,107	442,107
Non-controlling interests		11,530	11,335	-	-
Total equity		590,079	681,801	356,107	442,107
Liabilities					
Provisions	15	10,784	7,789	-	-
Other payables	17	-	-	12,090	-
Lease liabilities	16	27,557	26,390	164	-
Total non-current liabilities		38,341	34,179	12,254	-
Trade payables	17	37,327	27,855	-	-
Other payables	17	55,627	24,534	3,860	13,807
Lease liabilities	16	1,899	1,705	181	-
Total current liabilities		94,853	54,094	4,041	13,807
Total liabilities		133,194	88,273	16,295	13,807
Total equity and liabilities		723,273	770,074	372,402	455,914

D. Condensed interim consolidated statement of cash flows

	Group	
	FY2023 RMB'000 (Unaudited)	FY2022 RMB'000 (Audited)
Operating activities		
Profit before tax	5,581	34,070
Adjustments for:		
Depreciation of property, plant and equipment	6,254	4,969
Change in fair value of financial asset designated as fair value through profit or loss	710	1,368
Provision recognised/(reversed)	2,995	(3,132)
Provision for impairment loss on trade and other receivables and contract assets	6,885	–
Interest income	(4,138)	(3,504)
Interest expense	1,987	1,801
Share of profit of equity-accounted investees (net of tax)	(31,614)	(25,026)
Operating (losses)/ profit before working capital changes	(11,340)	10,546
Changes in working capital:		
Inventories	(15)	229
Trade and other payables	30,512	16,869
Trade and other receivables	(26,914)	(10,587)
Cash flows (used in)/ generated from operations	(7,757)	17,057
Tax paid	(980)	(5,739)
Net cash (used in)/generated from operating activities	(8,737)	11,318
Investing activities		
Interest received	4,138	3,504
Payment for purchase of plant and equipment	(10,249)	(825)
Loan to an associated company	(10,000)	(20,000)
Transfer from escrow account	91,698	–
Repayment by/ (loan to) an unrelated party	3,000	(3,000)
Net cash generated from/(used in) investing activities	78,587	(20,321)
Financing activities		
Capital reduction in a subsidiary paid to non-controlling interest	–	(2,006)
Cash distribution to shareholders of the Company	(93,255)	–
Amount owing to shareholders	–	1,584
Interest paid	(1,987)	(1,801)
Loan from a related party	6,800	–
Payment of lease liabilities	(1,555)	(248)
Net cash used in financing activities	(89,997)	(2,471)
Net decrease in cash and cash equivalents	(20,147)	(11,474)
Cash and cash equivalents at beginning of the period	107,530	118,986
Effect of exchange rate changes on the balances held in foreign currencies	6	18
Cash and cash equivalents at end of the period (Note 13)	87,389	107,530

E. Condensed interim statements of changes in equity

Consolidated Statements of Changes in Equity

(Unaudited) The Group	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Foreign exchange translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
2023									
Balance at 1 January 2023	466,700	(7,585)	(14,205)	(8,968)	6,123	228,401	670,466	11,335	681,801
Profit for the period	–	–	–	–	–	5,788	5,788	195	5,983
Foreign currency translation differences	–	–	–	–	(3,384)	–	(3,384)	–	(3,384)
Share of other comprehensive loss of associated company	–	–	–	–	(1,066)	–	(1,066)	–	(1,066)
Total other comprehensive loss	–	–	–	–	(4,450)	–	(4,450)	–	(4,450)
Total comprehensive income for the year	–	–	–	–	(4,450)	5,788	1,338	195	1,533
Transactions with owners, recognised directly in equity									
Capital reduction	(115,826)	–	–	–	–	115,826	–	–	–
Cash distribution	–	–	–	–	–	(93,255)	(93,255)	–	(93,255)
	(115,826)	–	–	–	–	22,571	(93,255)	–	(93,255)
Balance at 31 December 2023	350,874	(7,585)	(14,205)	(8,968)	1,673	256,760	578,549	11,530	590,079

Consolidated Statements of Changes in Equity

(Audited) The Group	Share capital RMB'000	Capital reserve RMB'000	Fair value Reserve RMB'000	Other reserve RMB'000	Foreign exchange translation reserve RMB'000	Retained profits RMB'000	Total Equity RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
2022									
Balance at 1 January 2022	466,700	(7,585)	(14,205)	(8,968)	2,275	197,715	635,932	12,600	648,532
Profit for the period	–	–	–	–	–	30,686	30,686	741	31,427
Foreign currency translation differences	–	–	–	–	(214)	–	(214)	–	(214)
Share of other comprehensive loss of associated company	–	–	–	–	4,062	–	4,062	–	4,062
Total other comprehensive loss	–	–	–	–	3,848	–	3,848	–	3,848
Total comprehensive income for the period	–	–	–	–	3,848	30,686	34,534	741	35,275
Transactions with owners, recognised directly in equity									
Capital reduction in a subsidiary	–	–	–	–	–	–	–	(2,006)	(2,006)
Balance at 31 December 2022	466,700	(7,585)	(14,205)	(8,968)	6,123	228,401	670,466	11,335	681,801

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
(Unaudited)							
2023							
Balance at 1 January 2023	466,700	(8,294)	(14,205)	(8,968)	30,961	(24,087)	442,107
Loss for the period	–	–	–	–	–	(3,735)	(3,735)
Foreign currency translation differences	–	–	–	–	10,990	–	10,990
Total comprehensive income for the year	–	–	–	–	10,990	(3,735)	7,255
Transactions with owners, recognised directly in equity							
Capital reduction	(115,826)	–	–	–	–	22,571	(93,255)
Balance at 31 December 2023	350,874	(8,294)	(14,205)	(8,968)	41,951	(5,251)	356,107
(Audited)							
2022							
Balance at 1 January 2022	466,700	(8,294)	(14,205)	(8,968)	(8,277)	(22,571)	404,385
Loss for the period	–	–	–	–	–	(1,516)	(1,516)
Foreign currency translation differences	–	–	–	–	39,238	–	39,238
Total comprehensive income for the year	–	–	–	–	39,238	(1,516)	37,722
Balance at 31 December 2022	466,700	(8,294)	(14,205)	(8,968)	30,961	(24,087)	442,107

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 for the 6 months and full year ended as at 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investee.

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

The principal activities of the subsidiaries and the associate company are set out in Notes 5 and 6 respectively in the FY2022 Annual Report. During the year, the Company’s subsidiary, Chengdu Shengshi Jialong City Management Service Co., Ltd has incorporated a wholly-owned subsidiary, Chengdu Shengshi Daojia Business Management Co., Ltd. whose primary activities are in the service and management of market-oriented community mini-complexes.

2. Basis of Preparation

The condensed financial statements for the 6 months and full year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The condensed financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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. 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 accounting policies adopted are consistent with those of the previous financial year except that in the current financial period and year, the Group has adopted all the amendments to SFRS(I)s that are effective for annual financial periods beginning on or after 1 January 2023. 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 2022.

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

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

(a) Judgements made in applying accounting policies

(i) Identification of functional currency

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

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

(ii) 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 2023 is RMB Nil (31.12.2022 – RMB Nil).

(b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

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

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

Allowance for expected credit losses ("ECL") of trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

The carrying amount of the Group's and the Company's trade and other receivables 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 11.8 million and RMB 42,700 respectively on the Group's and the Company's trade and other receivables.

3. Seasonal operations

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

4. Segment and revenue information

4.1 Reportable Segment

For the year ended 31 December 2023 and 31 December 2022, the Group has only one reportable segment, the infrastructure segment.

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

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

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

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

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

	Infrastructure			
	6 months ended 31 December 2023			
	Jialong	Yilong	Chengdu KQR	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,459	34,024	-	35,483
Interest income	3	61	2,240	2,304
Interest expense	(587)	(224)	(406)	(1,217)
Depreciation of property, plant and equipment	(1,866)	(1,211)	(2)	(3,079)
Share of profit of associated company	-	-	17,937	17,937
Reportable segment (loss)/profit before tax	(7,076)	(114)	9,627	2,437
Capital expenditure	3,999	589	7	4,595

	Infrastructure			
	6 months ended 31 December 2022			
	Jialong	Yilong	Chengdu KQR	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	15,798	24,936	-	40,734
Interest income	14	28	1,018	1,060
Interest expense	(952)	(260)	-	(1,212)
Depreciation of property, plant and equipment	(2,683)	(1,109)	(1)	(3,793)
Share of profit of associated company	-	-	18,211	18,211
Reportable segment (loss)/profit before tax	(1,285)	2,982	20,732	22,429
Capital expenditure	25,738	251	-	25,989

	Infrastructure			
	12 months ended 31 December 2023			
	Jialong	Yilong	Chengdu KQR	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	23,194	56,845	-	80,039

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

Interest income	8	73	3,896	3,977
Interest expense	(1,243)	(268)	(476)	(1,987)
Depreciation of property, plant and equipment	(3,710)	(2,312)	(5)	(6,027)
Share of profit of associated company	-	-	31,614	31,614
Reportable segment (loss)/profit before tax	(10,362)	(321)	22,521	(11,838)
Reportable segment assets	38,406	136,439	538,212	713,057
Capital expenditure	3,999	9,996	7	14,002
Reportable segment liabilities	(42,244)	(49,292)	(45,831)	(137,367)

Infrastructure

12 months ended 31 December 2022

	Jialong	Yilong	Chengdu KQR	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	28,695	68,898	-	97,593
Interest income	21	37	2,892	2,950
Interest expense	(1,187)	(614)	-	(1,801)
Depreciation of property, plant and equipment	(2,747)	(2,219)	(3)	(4,969)
Share of profit of associated company	-	-	25,026	25,026
Reportable segment profit before tax	5,250	4,086	28,949	38,285
Reportable segment assets	55,711	122,563	492,026	670,300
Capital expenditure	25,769	782	-	26,551
Reportable segment liabilities	(39,974)	(26,321)	(39,107)	(105,402)

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

	2H2023 RMB'000	2H2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Revenue				
Total revenue for reportable segments	35,483	40,734	80,039	97,593
Profit or loss				
Total (loss)/profit before tax for reportable segments	2,437	22,429	11,838	38,285
Unallocated amounts:				
- Other income	(1)	3,690	161	3,694
- Other expense	(3,668)	(4,036)	(6,418)	(7,909)
- Tax (credit)/expense	441	(173)	402	(2,643)
Consolidated profit for the period/year	(791)	21,910	5,983	31,427

	FY2023 RMB'000	FY2022 RMB'000
Assets		
Total assets for reportable segments	713,057	670,300
Elimination of inter-segment assets	-	-
Other unallocated amounts	10,216	99,774
Consolidated total assets	723,273	770,074
Liabilities		

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

Total liabilities for reportable segments	137,367	105,402
Elimination of inter-segment liabilities	(16,170)	(29,000)
Other unallocated amounts	11,997	11,871
Consolidated total liabilities	<u>133,194</u>	<u>88,273</u>

	Reportable segment total RMB'000	Unallocated amounts RMB'000	Consolidated total RMB'000
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Other material items 6 months ended 31

December 2023

Interest income	2,305	2	2,307
Interest expense	(1,217)	-	(1,217)
Depreciation of property, plant and equipment	(3,080)	(216)	(3,296)
Capital expenditure	(4,595)	(516)	(5,111)

Other material items 6 months ended 31

December 2022

Interest income	1,060	553	1,613
Interest expense	(1,212)	-	(1,212)
Depreciation of property, plant and equipment	(3,793)	(8)	(3,801)
Capital expenditure	(25,989)	(21)	26,010

	Reportable segment total RMB'000	Unallocated amounts RMB'000	Consolidated total RMB'000
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Other material items FY2023

Interest income	3,977	161	4,138
Interest expense	(1,987)	-	(1,987)
Depreciation of property, plant and equipment	(6,027)	(227)	(6,254)
Capital expenditure	(14,002)	(516)	(14,518)

Other material items FY2022

Interest income	2,950	554	3,504
Interest expenses	(1,801)	-	(1,801)
Depreciation of property, plant and equipment	(4,955)	(14)	(4,969)
Capital expenditure	(26,530)	(21)	(26,551)

Geographical information

	Revenue		Non-current assets	
	FY2023 RMB'000	FY2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Singapore	-	-	358	50
China	80,039	97,593	516,641	475,101
Total	<u>80,039</u>	<u>97,593</u>	<u>516,999</u>	<u>475,151</u>

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

4.2 Revenue

	Group		Group	
	2H2023 RMB'000	2H2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Revenue from contracts with customers	33,446	37,941	75,213	92,875
Warehouse, equipment and premise leasing	2,037	2,793	4,826	4,718
	<u>35,483</u>	<u>40,734</u>	<u>80,039</u>	<u>97,593</u>

5. Other income

	Group		Group	
	2H2023 RMB'000	2H2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Interest income	2,307	1,613	4,138	3,504
Foreign exchange gain	-	2,031	-	2,966
Others	187	433	196	960
	<u>2,494</u>	<u>4,077</u>	<u>4,334</u>	<u>7,430</u>

6. Finance costs

	Group		Group	
	2H2023 RMB'000	2H2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Interest expense – lease liabilities	687	851	1,343	897
Factoring expenses	362	361	406	904
Interest expense – related party	168	-	238	-
	<u>1,217</u>	<u>1,212</u>	<u>1,987</u>	<u>1,801</u>

7. Profit before tax

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

	Group		Group	
	2H2023 RMB'000	2H2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Exchange gain, net	-	(2,966)	-	(2,966)
Change in fair value of financial asset designated as fair value through profit or loss	394	938	710	1,368
Impairment losses on trade and other receivables and contract assets	6,885	(136)	6,885	-
Depreciation of property, plant and equipment	<u>3,296</u>	<u>3,801</u>	<u>6,254</u>	<u>4,969</u>

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

8. Tax expense

	Group 2H2023 RMB'000	Group 2H2023 RMB'000	Group FY2023 RMB'000	Group FY2022 RMB'000
Current tax (credit)/expense				
Current year	291	173	330	2,643
Over-provision of tax expense in prior years	(732)	-	(732)	-
	<u>(441)</u>	<u>173</u>	<u>(402)</u>	<u>2,643</u>

9. Property, plant and equipment

During the twelve months ended 31 December 2023, the Group acquired assets amounting to RMB 14,518,000 (31 December 2022: RMB 26,551,000) and disposed assets amounting to Nil (31 December 2022: RMB Nil). The additions during the year include assets acquired under rights of use assets, RMB 4,269,000 (31 December 2022: RMB Nil).

10. Associated company

	Group	
	31.12.2023 RMB'000	31.12.2022 RMB'000
Interests in associated company	<u>448,375</u>	<u>417,827</u>
Group's interest in the net assets of investee:		
At beginning of the period/year	417,827	388,739
Dividends declared during the period/year	(25,095)	(18,954)
Group's contribution during the period/year	25,095	18,954
Group's share of other comprehensive (loss)/income	(1,066)	4,062
Group's share of profit	31,614	25,026
At end of the year	<u>448,375</u>	<u>417,827</u>

11. Other investment

Equity investments – mandatorily at FVTPL

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

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2023 RMB'000	31.12.2022 RMB'000
Hong Kong listed equity securities				
China Vanadium Titano-Magnetite Mining Company Limited	925	1,635	925	1,635

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

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

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)

The following table presented the assets measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Group and Company as at 31.12.2023				
Equity investments – mandatorily at FVTPL	925	–	–	925
Group and Company as at 31.12.2022				
Equity investments – mandatorily at FVTPL	1,635	–	–	1,635

12. Trade receivables and other receivables

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2023 RMB'000	31.12.2022 RMB'000
Trade receivables				
Third parties	12,997	6,140	–	–
Associated company	22,624	44,595	–	–
Bills receivables - associated company	10,431	6,518	–	–
	46,052	57,253	–	–
Impairment loss	(858)	(63)	–	–
Net	45,194	57,190	–	–

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2023 RMB'000	31.12.2022 RMB'000
Other receivables				
Other receivables due from third parties	24,027	3,395	250	219
Amount due from former subsidiary	14,859	14,859	14,859	14,859
Impairment loss	(20,949)	(14,859)	(14,859)	(14,859)
	17,937	3,395	250	219
Amount due from an associated company	393	615	–	–
Loan to an associated company	30,000	20,000	–	–
Loan to third party	–	3,000	–	–

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

Deposits	-	70	-	70
Financial assets at amortised costs	48,330	27,080	250	289
Prepayments	24,421	9,790	177	185
Net	72,751	36,870	427	474

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

	Group		Company	
	FY2023 RMB'000	FY2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
At beginning of the period	14,922	14,922	14,859	14,859
Impairment loss	6,885	-	-	-
At end of the period	21,807	14,922	14,859	14,859

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

13. Cash and cash equivalents

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2023 RMB'000	31.12.2022 RMB'000
Current:				
- Restricted cash in an Escrowed Account (Note A)	-	91,698	-	-
- Cash and bank balances (Note B)	87,389	107,530	173	97,612
Cash and cash equivalents in the statements of financial position	87,389	199,228	173	97,612
Restricted cash in an Escrowed Account (Note A)	-	(91,698)		
Cash and cash equivalents in the statement of cash flows	87,389	107,530		

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 2022, the remaining 35.7% of the Net Proceeds amounting to RMB 91,698,000, being the Tranche 2 Escrowed Sum, has not been included in "cash and cash equivalents" in the consolidated statement of cash flow as the amount is subject to SGX-ST's approval for the Company to cease such escrow arrangement. Despite which, the amount has been classified as "current" in the consolidated statement of financial position as management is of the view that the financial conditions have been met and approval to cease such escrow arrangement will be obtained in the next 12 months.

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

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

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

On 24 August 2023, SGX-ST has approved the cessation of the escrow arrangement.

Note B:

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

On 17 February 2023, the cash distribution of RMB 93,254,912 (equivalent to S\$18,586,099) were paid to the shareholders of the Company.

14. Share capital

The Group and the Company	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	No. of ordinary shares ('000)		RMB'000	RMB'000
Issued and paid up:				
At beginning of the period/year	407,590	407,590	466,700	466,700
Capital reduction	—	—	(115,826)	—
At end of the period/year	<u>407,590</u>	<u>407,590</u>	<u>350,874</u>	<u>466,700</u>

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

15. Provisions

The provisions related to (a) guarantee for the recoverability of outstanding receivable balances of an associated company and (b) guarantee for the banking facilities of an associated company. During the 12 months ended 31 December 2023, the Group made a provision amount of RMB 1,526,000 (31 December 2022: provision reversed, RMB 3,132,000) relating to the guarantee for accounts receivables. The Company has also engaged the component auditors, HLB ThinkBridge Shanghai CPA to perform agreed upon procedures to help verify the outstanding accounts receivables, its aging and assess the adequacy of the provision amount as of 31 December 2023.

The Company has also made a provision of RMB 1,469,000 (31 December 2022: RMB NIL) for covered guarantee for banking facilities of an associated company due to the increase in their banking facilities.

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

16. Lease liabilities

The Group	31.12.2023 RMB'000	31.12.2022 RMB'000
Undiscounted lease payments due:		
- Later than five years	11,476	15,877
- Later than one year and not later than five years	22,134	16,713
- No later than one year	3,565	3,807
	<u>37,175</u>	<u>36,397</u>
Less: Future interest costs	(7,719)	(8,302)
	<u>29,456</u>	<u>28,095</u>
Represented by:		
- Non-current	27,557	26,390
- Current	1,899	1,705
	<u>29,456</u>	<u>28,095</u>

The lease liabilities relate to right of use assets – premises with carrying value of RMB 25,281,000 as at 31 December 2023 (31 December 2022: RMB 25,034,000)

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

17. Trade and other payables

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2023 RMB'000	31.12.2022 RMB'000
Trade payables				
Trade payable to third parties	9,648	27,855	–	–
Trade payable - associated company	7,679	–	–	–
Bills payable to a third party	20,000	–	–	–
	<u>37,327</u>	<u>27,855</u>	<u>–</u>	<u>–</u>
Other payables				
Amounts due to a subsidiary	–	–	12,090	9,731
Amounts owing to shareholders	9,381	9,469	–	–
Amounts owing to associated company	30,588	–	–	–
Amounts owing to a related company	6,800	–	–	–
Accrued expenses	4,624	7,468	3,032	3,608
Security deposits	1,970	1,045	–	–
Other payables	1,408	2,588	828	468
Financial liabilities at amortised costs	54,771	20,570	15,950	13,807
Other tax payables	856	3,964	–	–
	<u>55,627</u>	<u>24,534</u>	<u>15,950</u>	<u>13,807</u>

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2022 RMB'000	31.12.2022 RMB'000
Presented by:				
Current	55,627	24,534	3,860	13,807
Non-current	-	-	12,090	-
	<u>55,627</u>	<u>24,534</u>	<u>15,950</u>	<u>13,807</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 31 December 2023 and 31 December 2022:

	Group		Company	
	31.12.2023 RMB'000	31.12.2022 RMB'000	31.12.2023 RMB'000	31.12.2022 RMB'000
Financial Assets				
Equity investments – mandatorily at FVTPL	925	1,635	925	1,635
Cash and bank balances, trade and other receivables (Amortised cost)	184,057	283,498	423	289
	<u>184,982</u>	<u>285,133</u>	<u>1,348</u>	<u>1,924</u>
Financial Liabilities				
Provisions	10,784	7,789	-	-
Trade and other payables and lease liabilities (Amortised cost)	121,554	76,520	15,950	13,807
	<u>132,338</u>	<u>84,309</u>	<u>15,950</u>	<u>13,807</u>

19. Related party transactions

	Group		Group	
	2H2023 RMB'000	2H2022 RMB'000	FY2023 RMB'000	FY2022 RMB'000
Transaction with associated company:				
- Lease revenue	2,752	1,771	3,720	3,180
- Sale of goods	31,629	15,037	52,233	49,221
- Rendering of services	1,672	8,121	10,972	17,757
- Interest income	1,041	-	1,469	-
Interest expenses – related party	(168)	-	(238)	-
Purchase of IT software services – related party	(462)	-	(462)	-

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

	Group	
	31.12.2023	31.12.2022
	RMB'000	RMB'000
Guarantee provided for banking facilities – associated company	–	3,917
Covered guarantee provided for banking facilities – associated company	184,500	135,294

The covered guarantee for banking facilities amount of RMB184.5 million is based on the final draft of covered guaranteed agreement target to be executed in 1H2024, which will then replace the covered guaranteed agreement previously executed on 9 August 2021.

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

20. Subsequent events

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

G. Other information required by Listing Rule Appendix 7.2.

1. Review

The condensed consolidated statements of financial position of Sapphire Corporation Limited and its subsidiaries as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the full 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 (FY2023 vs FY2022)

Revenue decreased by RMB 17.6 million to RMB 80.0 million mainly due to lower revenue from sales of goods from supply of construction materials as well as rendering of city urbanization services. In conjunction with the decline in revenue, gross profits decreased by 89.6% to RMB 1.4 million, partly attributable to a lower decline in the costs of sales than the decline in revenue.

Other income decreased by RMB 3.1 million to RMB 4.3 million mainly due to the absence of the foreign exchange gain of RMB 3 million recorded in FY2022.

Administrative expenses increased by RMB 7.1 million to RMB 17.8 million mainly due to increase staff costs amounting to RMB 3.7 million at the subsidiaries of the Company and traveling expenses amount to RMB 1.2 million.

Impairment loss for trade and other receivables increased to RMB 6.9 million mainly due to impairment made for other receivable assigned from Ranken Railway to Chengdu Kai Qi Rui Business Management Co., Ltd (“Chengdu QQR”) during the year. Under the share transfer and capital increase agreement dated 28 May 2020

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

of Ranken Railway, if Ranken Railway fails to collect the receivables which are more than 5 years overdue, Ranken Railway shall be entitled to offset such amounts against the dividends payable to Chengdu Kai Qi Rui Business Management Co., Ltd (“Chengdu KQR”) and Chengdu KQR shall be liable to reimburse any excess receivables which remain outstanding after the set-off, and upon such reimbursement, the uncollected receivables will be assigned to Chengdu KQR.

Provision for Ranken Railway’s guaranteed trade and other receivables and contract assets increased by RMB 4.6 million as compared to prior year. Provision for covered guarantee provided for banking facilities of Ranken Railway also increased by RMB 1.5 million as the amount of guaranteed bank loans increased from RMB 135.3 million in 2022 to RMB 184.5 million in 2023.

Finance costs increased by RMB 0.1 million to RMB 1.9 million mainly due higher interest expense for lease liabilities.

Share of profit of equity-accounted investees (net of tax) rose by RMB 6.5 million to RMB 31.6 million, mainly due to higher profits of Ranken Railway.

The tax credit of RMB 0.4 million this year was due to over-provision in respect of prior years of RMB 0.7 million and tax expense of RMB 0.3 million. The decrease in tax expense is mainly due to lower taxable profit during the year.

Given the above, net profit for the year decreased by RMB 25.4 million to RMB 6.0 million.

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

Total non-current assets rose by RMB 41.8 million mainly due to the following significant changes during the period:

- Property, plant and equipment increased by RMB 11.3 million mainly due to increase in construction in progress and rights of use assets amounting to RMB 10.0 million and RMB 4.3 million respectively, and reclass of RMB 3.1 million from other receivables, offset by depreciation amounting to RMB 6.2 million during the period; and
- Associated company increased by RMB 30.5 million mainly due to the Group’s share of profit of associated company, Ranken Railway.

Total current assets decreased by RMB 88.6 million mainly due to the following significant changes during the period:

- Other investment decreased by RMB 0.7 million mainly due to fair value losses recognised on quoted equity investments classified at fair value through profit or loss;
- Trade receivables decreased by RMB 12.0 million mainly due to lower revenue during the period and impairment loss recognised of RMB 0.8 million during the year;
- Other receivables rose by RMB 35.9 million mainly due to (a) increase in loans to an associated company, Ranken Railway, amounting to RMB 10 million and (b) increase in prepayments to suppliers amounting to RMB 14.6 million, assignment of receivables from an associated company, RMB 20.6 million, partially offset by an increase in impairment loss recognised of RMB 6.1 million during the year;
- Cash and bank balances (including the restricted cash in an escrow account) decreased by RMB 111.8 million mainly due to cash distributions to the shareholders of the company of RMB 91.7 million and acquisition of property, plant and equipment of RMB 14.5 million.

Total non-current liabilities increased by RMB 4.2 million mainly due to the following significant changes during the period:

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

- Provisions for (a) guarantee for the recoverability of outstanding receivable balances of an associated company and (b) covered guarantee for banking facilities of an associated company, Ranken Railway, increased by RMB 3.0 million in total.
- Lease liabilities increased by RMB 1.4 million due to new leases entered during the year.

Total current liabilities rose by RMB 40.8 million mainly due to the following significant changes during the year:

- Trade payables rose by RMB 9.5 million mainly due to increase in bills payable of RMB 20 million offset by a decrease in trade payables amounting to RMB 10.5 million;
- Other payables rose by RMB 31.1 million mainly due to (a) increase in amounts owing to an associated company of RMB 30.6 million, of which RMB 20.6 million relates to the amount of receivables assigned to Chengdu KQR according to the Sales and Purchase agreement, (b) increase in amounts owing to a related company amounting to RMB 6.8 million, offset by a decrease in accrued expenses RMB 2.8 million and decrease in other tax payables RMB 3.1 million.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity decreased by RMB 91.9 million due to the capital reduction of RMB 115.8 million and cash distribution to shareholders of RMB 93.3 million during the year and decrease in total comprehensive income for the year.

Review of Cash Flows (FY2023 vs FY2022)

Operating losses before working capital changes decreased by RMB 21.9 million mainly due to lower profit before tax which was offset by an increase in share of profit of equity-accounted investees (net of tax) of RMB 6.6 million. The operating cash outflow for FY2023 of RMB 8.7 million is arrived at after accounting for (i) operating loss before working capital changes of RMB 11.3 million and (ii) income tax payments of RMB 1.0 million, partially offset by (iii) net working capital inflow of RMB 3.6 million,

Cash inflow from investing activities for FY 2023 increased by RMB 98.9 million to RMB 78.6 million mainly due to (a) transfer from Escrow account of RMB 91.7 million and (b) repayment of loan by an unrelated party of RMB 3.0 million during the year, and partially offset by the (c) payment for purchase of property, plant and equipment of RMB 10.2 million and (d) additional loan of RMB 10 million to an associated company.

Cash outflow from financing activities increased by RMB 87.5 million mainly due to capital distribution paid to shareholders of the Company amounting to RMB 93.3 million, partially offset by loan from a related party amounting to RMB 6.8 million.

Given the above, cash and cash equivalents decreased by RMB 20.1 million during the year.

- 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.

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

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

	31.12.2023	31.12.2022
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

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

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

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

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

Not applicable.

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

	For the 6 months ended		For the 12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Basic (loss)/ earnings per share (RMB cents)	(0.12)	5.27	1.42	7.53
Diluted (loss)/ earnings per share (RMB cents)	(0.12)	5.27	1.42	7.53

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	
	FY2023	FY2022
Weighted average number of shares	407,589,893	407,589,893

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net asset value per ordinary share (RMB cents)	141.95	164.50	87.37	108.47
Number of shares in issue	407,589,893	407,589,893	407,589,893	407,589,893

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

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

On January 8, 2023, China officially downgraded COVID-19 from a "category A infectious disease" to the less serious "category B infectious disease", lifting a wide range of restrictions and regulations aimed at containing the spread of the virus, such as reopening borders for internal and international travel, mandatory quarantine measures as well as people infected with the virus.

China's economic growth rebounded quickly after the measures are lifted, however the pace of economic growth has been uneven in 2023. This has prompted China to step up its efforts to revive the economy's recovery and improve the business environment as concerns about the growth outlook continue to mount.

China's economy is the world's second-largest economy and its growth continue to outpace the global economy. The International Monetary Fund has upgraded its GDP growth forecast to 5.4 per cent for China in 2023, reflecting a strong post-COVID rebound.

According to Chinese state media sources, the domestic economy is expected to see more favourable conditions and more opportunities than challenges in 2024. Macroeconomic policies will continue to provide support for economic recovery, shifting from a post-pandemic recovery to sustained consumption growth, cultivating new consumption growth areas.

As part of its broader efforts to boost domestic consumption, China is looking to accelerate urbanisation and steady progress was made in the coordinated development across urban and rural areas and different regions. By the end of 2022, the urbanisation rate of permanent residents reached 65.22 per cent, 0.50 percentage points higher than that at the end of 2021.

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

With China's people-centric approach in advancing its new urbanisation strategy, the development and construction modes of very large cities and megacities aims to take into consideration various economic, life, ecological, and security needs.

The Chengdu-Chongqing city cluster has been identified for such measures to be pushed forward in the years to come, where there are planned investments in public services and healthcare in counties, and upgrading infrastructure in bigger cities, such as adding elevators to old apartment buildings as their residents age.

The "Chengdu "14th Five-Year Plan" Urban Construction Planning Opportunity List, issued by the Chengdu Municipal Bureau of Housing and Urban-rural Development, has highlighted 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.

Strategically based in Chengdu, the Group focuses on two core operating business units – one specialising in property management and city redevelopment services, and the other in leasing warehouse and equipment, as well as supplying materials for urbanisation projects.

Urban renewal holds significant economic and social importance for major Chinese metropolises due to the acceleration of their population towards an ageing society and the limited availability of land resources for further development. Notably, urban renewal presents an opportunity to foster sustainable inner-city development and stimulate economic growth. The primary aim of urban renewal is to enhance residents' living standards and contribute to the sustainable development of a city.

Furthermore, in response to increasingly stringent environmental protection regulations in China to mitigate climate change, the transformation of industrial parks into "eco-industrial parks" presents promising avenue for new business opportunities. Particularly, in China, where large-scale industrialization activities are concentrated, the greening of industrial parks will likely be aligned with such environmental goals.

Adopting a service-centric approach in integrated building estate management services, the Group aims to generate recurring income by providing a comprehensive suite of services related to urbanization trends, focusing urban renewal and eco-industrial parks.

There is good potential that integrated building estate management services can capitalise on opportunities arising from improvements in cross-city transit systems, integrated residential-recreational-healthcare-commercial developments, and the adoption of new technologies and renewable energy sources.

Additionally, the Group aims to harness opportunities in aligning our services with the development of eco-friendly industrial parks, offering integrated building estate management services coupled with water and environmental conservation solutions. This strategic positioning leverages the Group's established track record in water and environmental conservation projects, providing new areas for growth and contribution to sustainability efforts.

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?

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

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

12 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the financial year ended 31 December 2023

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

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

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

14 A breakdown of sales

	2023	2022	Change
	RMB'000	RMB'000	%
(a) Sales reported for first half year	44,556	56,859	(21.6)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	6,774	9,517	(28.8)
(c) Sales reported for second half year	35,483	40,734	(12.9)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	(791)	21,910	N/M

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 31 DECEMBER 2023

15 Persons occupying managerial positions who are related to the Directors, Chief Executive Officer or substantial shareholders

Name	Age	Family relationship with the CEO, any director, and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
ZHANG CHI	37	Daughter of Mr Cheung Wai Suen	Operations Director: Oversee operations of Company's business in China. Develop and implement strategic plans for the Company's operations aligning with the overall organizational goals. Identify and pursue new business opportunities in Singapore and South-East Asia. Date of Appointment: 29 Dec 2023	No Change

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 financial year ended 31 December 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wang Heng
Group Chief Executive Officer
29 February 2024

Cheung Wai Suen
Executive Chairman
29 February 2024