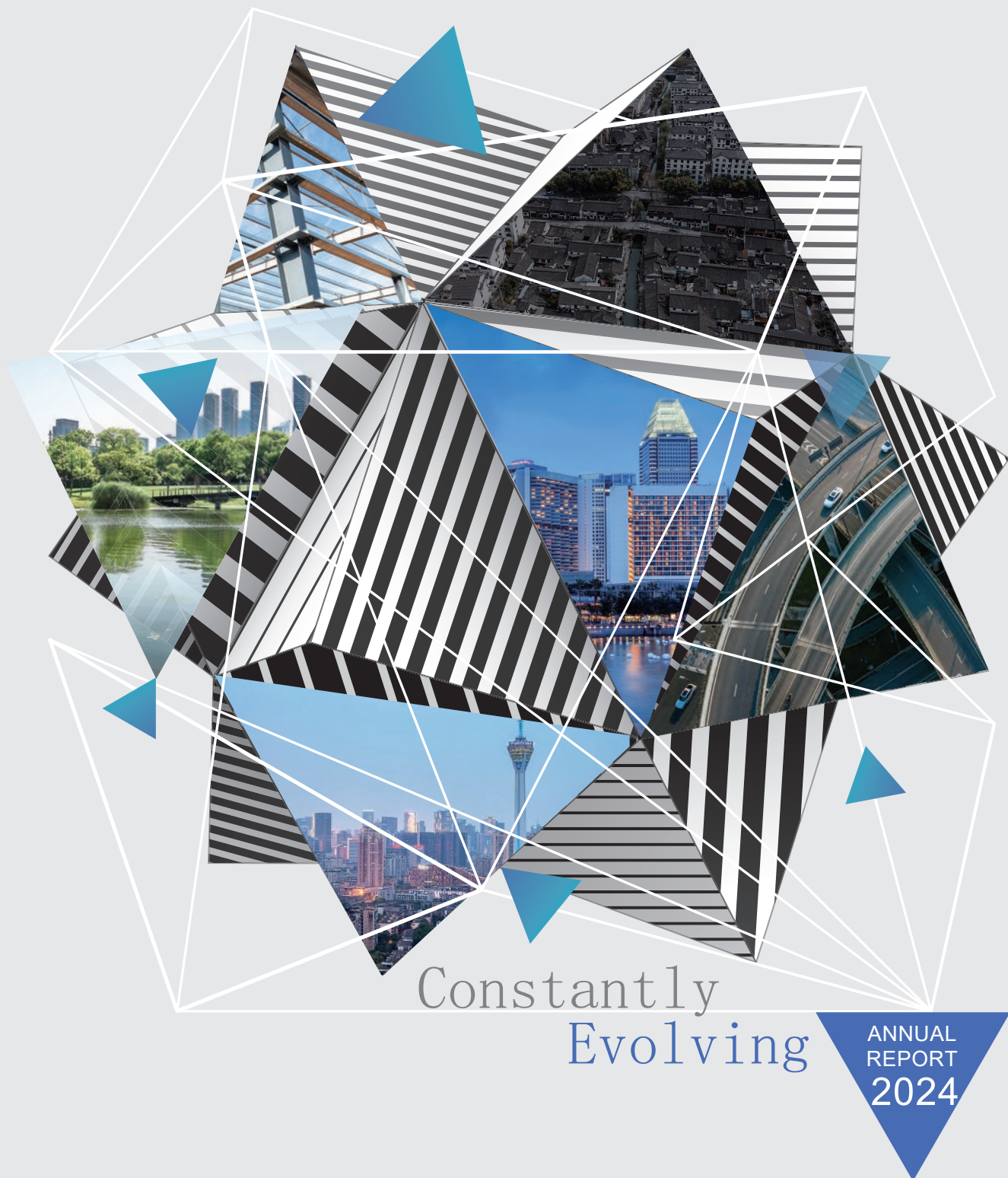


SAPPHIRE

盛世企业



Constantly
Evolving

ANNUAL
REPORT
2024



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CORPORATE PROFILE

Sapphire Corporation Limited (“Sapphire” or the “Group”) is an investment management and holding company with a business model aligned towards urbanisation trends. Sapphire is incorporated in Singapore and was listed on SGX Sesdaq in 1999 and on the Mainboard of the Singapore Exchange since 2011.

The Group has two operating business units, one in the business of property management and city redevelopment services and the other in the business of leasing of warehouse and equipment and supply of materials for urbanisation projects.

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.

Founded in 1998, Ranken Railway is incorporated in and based in Chengdu. It is a full-fledged EPC firm and holds full Triple-A qualifications and licences for design, supervision, construction and project consultation in the urban rail sector. Ranken Railway’s expertise includes civil engineering works for metro lines, urban rail transit, expressways, roads and bridges as well as water conservancy and environmental projects. Its track record includes major infrastructure projects in China and South Asia.

盛世股份有限公司(以下简称“盛世”或“盛世集团”)是一家投资管理和控股公司,其经营模式与目前中国城市化趋势保持一致。盛世在新加坡注册,于1999年在新加坡交易所二级板SGX Sesdaq上市,在2011年升级到主板上市。

本集团设有两个营运业务,一个提供物业管理和城市更新运营服务,另一个为城市化项目提供仓库及设备租赁及建筑材料供应业务。

本集团持有中国公司—中铁隆控股有限公司(“中铁隆”)48.82%的股权,中铁隆及其下属子公司从事与中国陆地交通基础设施和水利环保项目相关的工程、采购和建设(“EPC”)业务。

成立于1998年,中铁隆在成都注册,总部设在成都。中铁隆拥有城市轨道交通行业相关的设计、监理,建设和咨询的AAA资质和执照。中铁隆擅长地铁、城市轨道交通、高速公路、公路桥梁以及水利和环境工程方面的项目。它在中国和南亚的重大基础设施项目中都有着良好的业绩记录。

CORPORATE DEVELOPMENT

2020

JANUARY 2020

Increased investment in the share capital of Ranken Railway Construction Group Co., Ltd. ("Ranken Railway") by way of capitalisation of dividends of RMB170,022,000 distributed by Ranken Railway.

JUNE 2020

Proposed sale and material dilution of effective interest in Ranken Railway resulting in Ranken Railway ceasing to be a subsidiary of the Company ("Proposed sale and dilution of Ranken Railway").

AUGUST 2020

Injected additional RMB10 million in cash into the share capital of Chengdu Derun Jinlong Environmental Management Co., Ltd.

OCTOBER 2020

EGM for the Proposed sale and dilution of Ranken Railway.

Completion of the Proposed sale and dilution of Ranken Railway.

DECEMBER 2020

Incorporated an effective 58.8% subsidiary, Chengdu Kaiwan Enterprise Management Consulting Co., Ltd. in the business of property management and consulting services.

Ranken Railway and its consortium partners secured the second phase of the Public-Private-Partnership("PPP") project of the Xijiang River Basin Water Environment Comprehensive Improvement Project in Longquanyi District, Chengdu valued at RMB2.562 billion.

FY2020 Full Year Results – Increase in profit by 6.2% to RMB28.0 million.

2021

JULY 2021

The upgrading of community area and the International Community Service Centre at Laoma Road, was awarded "The Most Beautiful Community Tour Route" of Chengdu for Tianfu Community Tour around the Laoma Road area.

SEPTEMBER 2021

The upgrading of community area and the International Community Service Centre at Laoma Road, was awarded "National community business demonstration street" by China Community Business Working Committee.

OCTOBER 2021

The upgrading of community area and the International Community Service Centre at Laoma Road, was awarded the third batch of Chengdu community "beauty space".

NOVEMBER 2021

The upgrading of community area and the International Community Service Centre at Laoma Road, was awarded 2021 Chengdu Community Business "Good Project".

EGM for proposed Change Of Auditors From KPMG LLP To Foo Kon Tan LLP.

DECEMBER 2021

The urban improvement and renewal works at Yulin Road as part of the First Ring Road of Chengdu, which Chengdu Shengshi Jialong City Management Service Co., Ltd., participated together with other parties in planning was officially completed and opened.

FY2021 Full Year Results – Increase in profit by 4.1% to RMB29.2 million.

2022

JANUARY 2022

The Laoma Road area was awarded the "2021 Excellent Example of Civilisation Practice in Chengdu in the New Era".

The Laoma Road area was awarded the "Excellent cases of contributions to the masses".

Appointment of new Independent Director, Professor Zhang Weiguo.

FEBRUARY 2022

The Laoma Road area won the "2021 Wuhou District Excellent Children's Home", awarded by the Wuhou District Women's Federation.

MARCH 2022

Increased investment in the share capital of Ranken Railway by way of capitalisation of dividends of RMB12,282,406 distributed by Ranken Railway and RMB20,000,000 via cash injection from internal resources.

SEPTEMBER 2022

The Laoma Road area won the "National Social Governance Innovation Case (2022)" awarded by the China Social Governance Research Association, Zhejiang University Social Governance Research Institute.

NOVEMBER 2022

Increased investment in the share capital of Ranken Railway by way of capitalisation of dividends of RMB18,954,433 distributed by Ranken Railway.

DECEMBER 2022

EGM for proposed Capital Reduction and Cash Distribution.

FY2022 Full Year Restated Results - decrease in profits by 14.0% to RMB 25.1 million.

2023

JANUARY 2023

The Proposed Capital Reduction is effective and Company's issued and paid-up capital is reduced from S\$98,458,091 to S\$73,717,285.

FEBRUARY 2023

Pursuant to Company's Capital Reduction, approximately S\$18,586,099 (RMB93,254,912) is returned to Shareholders by way of a cash distribution of S\$0.0456 per issued Share.

JULY 2023

Our meal assistance services have been featured on CCTV's "Economy in 30 Minutes".

Won the 2023 Outstanding Community Partner "Social Enterprises Build Community Canteen" project industry award.

AUGUST 2023

SGX has no further comments to the cessation of escrow arrangement for Tranche 2 Escrowed Sum of RMB 91,698,444.

DECEMBER 2023

Increased investment in the share capital of Ranken Railway by way of capitalisation of dividends of RMB 25,095,315 distributed by Ranken Railway.

FY2023 Full Year Results – Decrease in profit by 54.2% to RMB 11.5 million.

2024

JANUARY 2024

Chengdu Kaiwan Enterprise Management Consulting Co., Ltd. ("CKEMC") was awarded the Outstanding Community Partner Project for the Social Enterprise Co-construction "Community Canteen" Project issued by the Urban and Rural Community Development and Governance Committee of the Chengdu Municipal Committee.

MAY 2024

The Laoma Road project was awarded the 2023 Wuhou District Social Organization Brand Project awarded by the Wuhou District Civil Affairs Bureau in Chengdu.

JUNE 2024

Incorporation of a subsidiary (effective interest of 82%) Prosperity Equipment (M) Sdn. Bhd. in Malaysia by Ranken Holding Co., Ltd.

CKEMC is awarded the title of "Excellent Group Community Partner" by the Social Work Department of the Wuhou District Committee in Chengdu and was included in the list of excellent community partners in Wuhou District in 2024.

JULY 2024

Appointment of new Lead Independent Director, Mr Teh Wing Kwan.

OCTOBER 2024

Investment in an associate company (effective interest of 19.5%) Beijing Aide Zhengze Education Technology Co., Ltd. (北京艾德正泽·教育科技有限公司) ("BAZET") by Sichuan Yilong Equipment Co., Ltd ("SYE").

Under SYE, the land title registration of 34,122 square metres in Daiyi (大邑) District, Chengdu was completed.

2024

NOVEMBER 2024

Change Of Auditors from Foo Kon Tan LLP To Forvis Mazars LLP with shareholders' approval via EGM.

DECEMBER 2024

Increased investment in the share capital of Ranken Railway by way of capitalisation of dividends of RMB 13,003,428 distributed by Ranken Railway. All the outstanding equity capital in Ranken Railway has been fully paid up by Chengdu KQR.

FY2024 Full Year Results – Revenue increase by 524% to RMB 432.6 million mainly due to increase in trading of SYE. Decrease in net profit by 87.3% to RMB 1.5 million.

CORPORATE STRUCTURE

SAPPHIRE

盛世企业
(Singapore)

100%
Ranken Holding
Co., Ltd.
(Hong Kong)

82%
Prosperity Equipment
(M)Sdn Bhd
(Malaysia)

(The People's Republic of China)

98%
Chengdu
Kai Qi Rui Business
Management Co., Ltd.

99.6%
(97.6%)
Sichuan Yilong
Equipment Co., Ltd.

99.6%
(97.6%)
Chengdu
Shengshi Jialong City
Management Service
Co., Ltd.

49.8%
(48.8%)
Ranken Railway
Construction
Group Co., Ltd.
and its subsidiaries

20% (19.5%)
Beijing Aide Zhengze
Education Technology
Co., Ltd.

60% (58.8%)
Chengdu Kaiwan
Enterprise Management
Consulting Co., Ltd.

100% (97.6%)
Chengdu Shengshi
Daojia Business
Management Co., Ltd.

Effective interests in brackets ()

CHAIRMAN'S MESSAGE



Chairman's Statement 2024

Dear shareholders, partners, and employees,
In a year marked by persistent global economic volatility and tightening macroeconomic conditions, 2024 has continued to be a year of both challenges and transformation for Sapphire Corporation Limited ("Sapphire" or "the Group").

In 2024, the Group made steady strides in urban renewal and community operations, with projects such as Sanhe Community Project (三河社区项目) and Nanqiao Residence (南桥新居) delivering stable commercial performance and enhancing neighborhood services. The Lao Malu Project (老马路项目) demonstrated our capability in low-carbon upgrades and multi-functional space renewal, while being recognised for its public service value. Additionally, our managed office building continued to operate efficiently with strong occupancy, underscoring our expertise in urban functional property management.

These initiatives reflect our commitment to deliver value through technology-driven, personalized services, as we continue to enhance urban quality of life and contribute meaningfully to community development and sustainable city building.

Financial Performance Review for 2024

Revenue increased by RMB 363.4 million to RMB 432.6 million in the fiscal year 2024, mainly due to trading business, which Yilong commenced in January 2024 for supply of infrastructure construction materials as the Group continues to extend its business for urban renewal and redevelopment services under its existing supply chain networks. In addition, there is also an increase in revenue for supply of other construction materials, including rendering of services for urban infrastructure construction and renewal projects.

Gross profit increased by RMB 2.2 million to RMB 9.8 million in FY2024 on the back of higher revenues. Gross margin however fell to 2.3% from 11.0% mainly due to (i) trading business which earned lower margin on average compared to rendering of services, (ii) higher sub-contracting and labor costs for urban redevelopment services projects undertaken by Jialong, and (iii) higher depreciation of property, plant and equipment as a result of additional depreciation from newly added right-of-use assets in relation to the shop spaces in Nanqiao Residence (南桥新居) as well as plant and machinery. Management further noted that the Group's operating environment in China remain highly competitive while operating costs are increasingly higher.

Other income increased by RMB 0.9 million to RMB 5.3 million in FY2024 mainly due to (i) guarantee fee income of RMB 2.5 million from its associate, Ranken Railway, and (ii) government grant and the sale of scrap materials of RMB 1.0 million. However, this increase was partially offset by lower interest income of RMB 2.6 million as the Group redeployed funds for its working capital and business operations.

2024年董事长致辞

尊敬的股东、合作伙伴及全体员工：

在全球经济持续波动、宏观环境日益收紧的背景下，2024年对盛世企业有限公司（以下简称“盛世企业”或“集团”）而言，是充满挑战与变革并存的一年。

在这一年里，集团在城市更新与社区运营方面稳步推进，多个重点项目取得积极进展。三河社区项目和南桥新居项目商业运营表现稳健，有效提升了社区服务能级；老马路项目则展现了集团在低碳改造与功能更新方面的综合能力，并获得公共服务领域的高度认可。同时，我们所管理的办公楼项目维持高效运营，进一步体现了盛世企业在城市功能型物业管理方面的专业经验。

上述举措彰显了我们通过技术驱动、个性化服务与服务创新创造价值的承诺，同时也体现了我们持续提升城市生活品质、积极投身社区建设和可持续城市发展的坚定信念。

2024年度财务业绩回顾

2024财年集团营收同比增长3.634亿元人民币，达4.326亿元人民币，主要得益于易隆自2024年1月起开展的基础设施建设材料贸易业务，这标志着集团在既有供应链体系下，持续拓展城市更新与改造服务相关业务。此外，城市基础设施建设与更新项目中的其他建材供应和服务收入亦有所增长。

受收入增长带动，2024财年集团毛利同比增长220万元人民币，达980万元人民币。然而，毛利率从11.0%下降至2.3%，主要由于：（一）贸易业务平均毛利率低于服务收入；（二）嘉隆承接的城市改造项目分包及人工成本上升；（三）新增使用权资产（如南桥新居底商与相关设备）导致折旧费用增加。管理层同时指出，中国境内运营环境竞争激烈，运营成本持续攀升。

2024财年其他收入同比增长90万元人民币，至530万元人民币，主要来自（i）来自联营公司中铁隆的担保费用收入250万元人民币，以及（ii）政府补助及废料销售收入100万元人民币。但由于集团将部分资金投入营运与业务扩展，利息收入下降260万元人民币，部分抵消了增幅。

Administrative expenses comprise mainly directors' remuneration, staff cost, professional fees (including corporate compliance related), travel, and other general office expenses, decreased by RMB 0.9 million to RMB 18.1 million in FY2024 mainly due to lower audit fees (as disclosed in the circular for the proposed change in auditors), directors' fees and other corporate expenses resulting from costs cutting measures. The decrease was despite (i) normalisation of executive directors' remuneration during 2024 of RMB 1.8 million (Note: the executive directors had voluntarily accepted nominal salaries of SGD 1 per month for FY2023); and (ii) increase in staff costs for business development and operational support. Impairment loss for trade and other receivables decreased by RMB 6.8 million to RMB 68,000, as there was no assignment of Overdue Guaranteed Receivables from Ranken Railway to Chengdu KQR in FY2024.

Provision for contingent liabilities of RMB 1.3 million pertains to provision in relation to the Guaranteed Receivables and the Overdue Guaranteed Receivables. The total overdue guaranteed receivables increased from RMB 36.9 million to RMB 42.8 million as at 31 December 2024.

Provision for guarantee of RMB 0.5 million pertains to provision made in relation to the Covered Guarantee for the banking facilities granted to Ranken Railway.

Other expenses decreased by RMB 0.9 million to RMB 1.1 million in 2024 mainly due to fair value gains on investment of RMB 32,000 in FY2024 as compared to a fair value loss of RMB 760,000 in FY2023. Finance costs increased by RMB 1.0 million to RMB 3.0 million in FY2024 mainly due to an increase in interest expense of RMB 0.7 million from additional leases of new shop spaces for recurring leasing income, and increase in factoring expenses by RMB 0.3 million for trade receivables financing.

Share of profits of an associate, net of tax, decreased by RMB 20.1 million to RMB 11.6 million, mainly due to significantly lower profits derived from Ranken Railway, accounting provisions and cost overrun for certain projects. During FY2024, Ranken Railway completed and secured fewer projects while it is still in the midst of evaluating new projects in the pipeline.

Tax expenses increased by RMB 2.3 million to RMB 1.0 million FY2024 mainly due to higher taxable profits for the subsidiaries during the year whereas there was tax credit in FY2023 due to over-provision of tax expenses from prior years.

Given the above, net profit decreased by RMB 10.4 million to RMB 1.5 million in the fiscal year 2024.

For more detailed information about our financial performance, please refer to the audit report section of this annual report.

Market and Industry Trends

Throughout 2024, we remained vigilant in responding to shifting global dynamics and ongoing domestic economic adjustments. By leveraging our technical capabilities, innovation, and service quality, we seized new market opportunities in urban renewal, embedded community services, and environmental enhancement. Our commitment to operational efficiency, cost management, and service innovation enabled us to sharpen our competitive edge even in a demanding business climate. Simultaneously, we have expanded our focus toward future-oriented sectors such as green trade, energy efficiency, and circular economy-related projects, establishing a solid reserve of potential growth initiatives. These efforts reaffirm our long-term optimism for the Group's development trajectory.

I extend my heartfelt appreciation to all our employees whose unwavering commitment and resilience continue to power our progress. I also want to thank our partners for their invaluable collaboration and our shareholders for their continued trust and support.

As we look to the future, Sapphire remains steadfast in our mission—anchored by technological innovation, enhanced service standards, and social responsibility. Together, we will write the next chapter in Sapphire's evolution, striving for sustainable growth and delivering enduring value to all stakeholders.

Let us move forward in unity and confidence, committed to building a more vibrant, resilient, and impactful Sapphire.

Thank you.

管理费用(包括董事酬金、员工成本、专业服务费用、差旅及其他一般办公支出)减少90万元人民币,至1,810万元人民币,主要得益于审计费用、董事报酬与其他企业开支的削减措施。尽管如此,2024年执行董事薪酬恢复正常(注:2023年执行董事自愿领取象征性月薪1新币),以及业务拓展与运营支持人员成本上升,部分抵消了该项下降。

应收账款与其他应收款项减值损失从680万元人民币降至6.8万元人民币,因2024年未发生中铁隆逾期担保应收款项转让至成都KQR的事项。

或有负债拨备为130万元人民币,主要与担保应收款项及逾期担保应收款项相关。截至2024年12月31日,逾期担保应收款项由3,690万元人民币增至4,280万元人民币。

担保拨备为50万元人民币,主要针对为中铁隆提供银行授信担保的相关风险。

2024年其他支出减少90万元人民币,至110万元人民币,主要由于投资公允价值从2023年的亏损76万元人民币转为2024年盈利3.2万元人民币。

财务费用同比增长100万元人民币,至300万元人民币,主要源于:(i)新增底商租赁导致利息支出上升70万元人民币;(ii)应收账款保理融资费用增加30万元人民币。

联营公司税后利润同比下降2,010万元人民币,至1,160万元人民币,主要因中铁隆利润大幅下滑、会计拨备及部分项目成本超支所致。2024年中铁隆项目落地及中标数量减少,目前仍在评估新的项目储备。

2024年所得税费用同比增加230万元人民币,至100万元人民币,原因在于子公司应税利润上升,而2023年因前期税务拨备过高形成了税收抵扣。

综上所述,2024财年集团净利润减少1,040万元人民币,至150万元人民币。

有关财务表现的详细数据,请参阅本年度报告中的审计报告章节。

市场与行业趋势

2024年,集团积极应对全球形势变化和国内经济结构调整,凭借技术实力、创新能力和服务质量,抢抓城市更新、嵌入式社区服务及环境提升等新兴市场机遇。在复杂环境下,我们不断优化运营效率、强化成本控制和提升服务创新能力,持续提升竞争力。

同时,我们积极布局绿色贸易、节能减碳与循环经济等未来导向型业务,储备了若干具有潜力的增长项目,持续夯实集团的长远发展基础,坚定对未来的信心。

在此,我谨代表集团董事会,向所有员工致以最诚挚的感谢,正是你们不懈的努力与奉献构筑了集团稳固的发展基石。感谢各位合作伙伴一路以来的鼎力支持,感谢广大股东长期以来的信任与厚爱。

展望未来,盛世企业将秉持“以技术为核心、以服务为本、以责任为引领”的理念,持续推动科技创新、服务提升与社会责任履行,朝着高质量可持续发展的目标不断迈进,为股东创造持久价值,为社会贡献更大力量。

让我们携手同行,共同迎接未来的挑战,书写盛世企业更加辉煌的篇章!

感谢大家!

CEO SPEECH 2024



Dear shareholders, partners, and our employees,

Amid continued global economic volatility in 2024, Sapphire Corporation Limited remained committed to China's "dual circulation" development strategy, deepening our strategic deployment in core areas such as urban renewal, green governance, and industrial integration. China's urbanization rate had reached 66.16% by the end of 2023, and continued to grow steadily throughout 2024.

Headquartered in Chengdu which is one of the major growth engines within this region, Sapphire Corporation has benefited significantly from the city's progressive urbanization, which reached 80.5% in 2024, well above the national average. Leveraging Chengdu's strong infrastructure and increasingly favourable business environment, we have continued to reinforce our leadership across urban renewal, community services, and green development. Our business model aligns with national policy priorities, focusing on sustainable revenue generation through urban redevelopment, environmental management, and community operations to support high-quality urban development.

In 2024, Sapphire Corporation Limited continued to deepen its presence in urban renewal and community operation. Several key projects delivered strong operational performance, further strengthening the Group's core competitiveness in revitalizing urban spaces and delivering community services.

The Sanhe Community Project (三河社区项目), a representative neighborhood commercial development with a floor area of 35,900 square meters, focused on residential lifestyle services. With ongoing improvements in tenant mix and operational management, the project achieved steady profitability. The Nanqiao New Residence Project (南桥新居项目), featuring 6,000 square meters of residential podium shops, served as a model for community-based convenience retail and delivered solid operational results with positive financial returns.

In the field of urban renewal, the Laomalu Project (老马路项目) demonstrates the Group's achievements in exploring low-carbon energy efficiency and functional enhancement. By reducing energy consumption, introducing new business formats, and expanding diverse service offerings, the project has received multiple municipal and district-level honors, including:

- "National Community Commerce Model Street with Distinctive Features" awarded by the National Community Commerce Committee
- National Social Governance Innovation Case
- Chengdu New Era Civilization Practice Model Example
- Chengdu "Most Beautiful Tourist Route"
- Chengdu Community Commerce "Outstanding Project"
- Third Batch of Chengdu "Beautiful Community Spaces"
- Chengdu "I Do Practical Work for the People" Outstanding Case

- Child-Friendly Community of Wuhou District, Chengdu
- Outstanding Children's Center of Wuhou District

Furthermore, it has been recognized as the "Most Outstanding Partner of the Year" Ranken Group for five consecutive years.

Building upon its original foundation, Laomalu successfully established an Elderly Service Station in Wuhou District and introduced a Traditional Chinese Medicine Wellness Center aligned with the project's functions, further enhancing the project's service depth and overall value while generating strong operational returns.

In commercial property management, the Group oversaw an office complex with a total floor area of 24,551.75 square meters, of which 16,942.39 square meters were chargeable. The property maintained a high occupancy rate of 90%. Comprising nine above-ground and two underground floors with a full frame-shear structure, the building offers flexible and well-ventilated office units ranging from 100 to 2,000 square meters, reflecting the Group's proven capabilities in managing functional urban spaces.

尊敬的股东们、合作伙伴、及全体员工

面对2024年持续波动的全球经济环境，盛世集团坚定落实国家“双循环”发展战略，持续深化在城市更新、绿色治理与产业融合等核心领域的战略部署。根据公开数据，截至2023年底，中国城镇化率已达66.16%，在此基础上，2024年城镇化水平继续稳步提升。成渝地区双城经济圈作为国家区域协调发展重大战略的重点区域，正加快推进世界级先进制造业基地的建设目标，预计到2035年形成规模效应。集团总部所在的成都市，是该区域的重要增长极之一，城市化率在2024年进一步提升至80.5%，显著高于全国平均水平。凭借成都市完善的基础设施与日益优化的营商环境，盛世集团持续巩固在城市更新、社区服务与绿色发展等核心业务上的领先地位。我们的商业模式紧扣国家发展导向，专注于通过城市重建、环保管理和社区服务构建可持续的收益体系，助力城市实现更高质量的发展。

在2024年，盛世集团在城市更新与社区运营板块持续深耕，多个重点项目取得良好运营表现，进一步巩固了集团在城市空间焕新和社区服务领域的核心竞争力。

其中，三河社区项目作为典型的社区邻里商业项目，建筑面积达35,900平方米，聚焦居民生活服务，持续优化业态布局与运营管理，项目实现稳定盈利。南桥新居项目依托6,000平方米住宅底商资源，成为社区便民商业的示范，整体运营良好，取得一定经济效益。

在城市更新方面，老马路项目体现了集团在低碳节能与功能提升方面的探索成果。项目通过降低能耗、引入新型业态、拓展多元服务内容，获得多项市、区级荣誉，包括国家社商委颁发的“全国社区商业特色示范街”、全国社会治理创新案例、成都市新时代文明实践精品范例、成都市“最美游线”、成都市社区商业“好项目”、第三批成都市社区美空间、成都市“我为群众办实事”的优秀案例、成都市武侯区儿童友好社区、以及武侯区优秀儿童之家更是连续五年被中铁隆集团评为年度最优秀合作单位。老马路在原有基础上，成功打造武侯区为老服务站，并结合项目功能引入中医康养馆，进一步提升了项目的服务深度与整体价值，带来了良好的运营收益。

在商业物业管理方面，集团所管理的大厦项目总建筑面积24,551.75平方米，其中可收费面积16,942.39平方米，出租率保持在90%。大厦为地上九层、地下两层的全框剪结构，办公空间灵活可分割至100至2,000平方米，空间通透，适配多元办公需求，体现了集团在功能型物业管理领域的成熟能力。

On the industrial expansion front, the Group's subsidiary Yilong Equipment successfully completed the land certificate registration for its Da Yi Industrial Park (大邑产业园区) project on October 11, 2024. This milestone lays a solid foundation for extending the Group's industrial footprint and asset layout in the park. Meanwhile, the trade segment achieved a significant sales breakthrough in 2024, with annual turnover reaching 400 million yuan, demonstrating strong growth momentum.

Through the successful execution and operation of these key projects, the Group has steadily enhanced its profitability while establishing a sustainable business framework across multiple dimensions, including community operations, urban regeneration, property management, and industrial expansion. Looking ahead, we will continue to refine our integrated strategy of "spatial operation + community service + green development" to maintain our leadership in the fields of urban renewal and high-quality growth.

We clearly recognize that in an ever-changing market environment, only through continuous adaptation and innovation can we maintain a leading position. Therefore, we are committed not only to enhancing our technologies and services, but also to actively engaging in sustainable development practices. Through environmental protection initiatives and community service programs, we strive to make meaningful contributions to society.

Looking to the future, we are filled with confidence. We will continue to increase our investments in urban renewal, city services, and environmental projects, enhancing our comprehensive capabilities to drive sustainable development. We will work closely with all stakeholders to ensure that our business not only achieves economic growth but also generates positive impacts on society and the environment.

I would like to express my sincere gratitude to our employees—your dedication and commitment to sustainable development are the cornerstone of Sapphire Corporation Limited's growth. I am also deeply thankful for the unwavering support and trust of all our shareholders and partners. It is your continued encouragement that enables us to meet challenges head-on, seize new opportunities, and realize our shared vision and goals. We firmly believe that through our collective efforts and commitments, Sapphire will continue to surpass itself, deliver greater value to society, and create long-term returns for all shareholders. Let us move forward hand in hand to create a brilliant tomorrow.

Thank you.

在产业拓展层面，旗下易隆装备于2024年10月11日顺利完成大邑产业园区土地证办理工作，为集团在产业园区中的产业链延伸及资产布局奠定基础。同时，在贸易业务板块，全年销售额实现跨越式增长，达到4亿元，表现出强劲的发展动能。

通过上述重点项目的实施与运营，集团不仅稳步提升了盈利水平，更在社区运营、旧改提升、物业管理及产业园拓展等多个维度构建起可持续发展的业务格局。未来，我们将继续深化“空间运营+社区服务+绿色发展”的多元战略路径，推动公司在城市更新与高质量发展赛道上的持续领先。

我们清晰地认识到，在不断变化的市场环境中，只有通过持续的适应和创新，才能保持领先地位。因此，我们不仅致力于技术和服务的提升，更积极投身于可持续发展的实践，通过环保和社区服务项目，为社会做出我们的贡献。

看向未来，我们充满信心。我们将继续加大在城市更新，城市服务和环保项目的投入，提升各项能力，以推动可持续的发展。我们将继续与我们的利益相关者紧密合作，确保我们的业务不仅能够实现经济增长，同时也能对社会和环境产生积极影响。

我要特别感谢我们的员工，你们的辛勤工作和对可持续发展的承诺是盛世集团发展的基石。同时，我对所有股东和合作伙伴的支持和信任表示衷心的感谢，正是你们的不懈支持使我们能够面对挑战，迎接机遇，实现我们共同的愿景和目标。我们坚信，通过集体的努力和承诺，盛世集团将不断超越自我，为社会贡献更大的价值，为所有股东创造回报。让我们携手并进，共创辉煌的明天。

谢谢。



BOARD OF DIRECTORS AND KEY EXECUTIVES



MR CHEUNG WAI SUEN

Executive Chairman

Mr Cheung Wai Suen was appointed to the Board with effect from 16 March 2016 and was re-designated to Chairman of the Board on 28 February 2018. He brings with him more than 30 years of experience in China's civil engineering and construction sector.

Mr Cheung has been an executive director of Ranken Railway Construction Group Co., Ltd ("Ranken Railway") since 1998. He continues to be the Chairman of Ranken Railway and is responsible for strategic development, enterprise integration, team building, major coordination and other overall aspects. He is also the Chairman of Chengdu Kai Qi Rui Business Management Co., Ltd and Sichuan Yilong Equipment Co., Ltd.

Mr Cheung holds a Bachelor of Law from Renmin University of China and an Executive MBA from Peking University's Guanghua School of Management.

Mr Cheung was last elected as a Director of the Company on 28 April 2022.

张伟瑄先生

执行主席

张先生于2016年3月16日获委任为董事,并于2018年2月28日当选董事会主席。他在中国土木工程和建设领域拥有30多年的经验。

张先生自1998年以来就一直担任中铁隆工程集团有限公司("中铁隆")的执行董事。张先生是中铁隆的董事长,负责董事会、统筹公司全局,负责战略发展、企业融合、队伍建设、重大协调等方面工作。张先生也是成都凯祺瑞企业管理有限公司和四川易隆装备有限公司的董事长。

张先生是中国人民大学法学学士和北京大学光华管理学院工商管理硕士。

张先生于2022年4月28日再次当选为公司董事。

MS WANG HENG

Chief Executive Officer and Executive Director

Ms. Wang Heng was appointed to the Board with effect from 16 March 2016 and re-designated as Chief Executive Officer on 15 December 2017. She is a co-founder and executive director of Ranken Railway. She is also a director of Chengdu Kai Qi Rui Business Management Co., Ltd and the Chairwoman of Chengdu Shengshi Jialong City Management Service Co., Ltd.

A qualified engineer and technician, Ms Wang started her career with CRB China, where she worked in engineering technology and marketing for almost 10 years before founding Ranken Railway. She has worked in the civil engineering sector for 31 years, and has accumulated a wealth of experience in urban mass transit. She specializes in strategic management, market expansion and resource integration. Under her leadership, Ranken Railway has a presence in 18 cities.

As a co-founder of Ranken Railway, Ms. Wang is experienced with project tendering and bidding for small and large-scale civil engineering contracts in China. Ms. Wang is the Vice Chairman of Ranken Railway and is responsible for the company's investment, operations and development. She is also responsible for organizing, implementing and completing targets and other matters set by the board of directors and the general manager's office. She is in charge of the Investment and Development Department and the Design and Research Institute.

Ms. Wang holds a Bachelor of Engineering from Southwest Jiaotong University with a major in Railway Engineering, as well as an Executive MBA from Tsinghua University.

Ms. Wang was last elected as a Director of the Company on 28 September 2022.

王恒女士

首席执行官兼执行董事

王恒女士于2016年3月16日获委任为董事,并于2017年12月15日获委任为首席执行官。她是中铁隆工程集团有限公司("中铁隆")的创始人之一和执行董事。她也是成都凯祺瑞企业管理有限公司的董事和成都嘉隆城市管理服务有限公司的主席。

王恒女士是资深工程师和技术员。在加入中铁隆之前,她在中国铁建从事工程技术和市场营销工作将近十年之久。她在土木工程建设领域已有三十年的工作经历,在城市轨道交通及其关联领域拥有丰富的经验和资源,擅长于战略管理、市场拓展和资源整合。在她的领导下,中铁隆目前已经进入中国18个城市参与城市轨道交通建设。

作为中铁隆的创始人之一,王恒女士对中国土木工程项目的招投标管理无论大小都拥有丰富的运营经验。她是中铁隆的副董事长,负责中铁隆投资经营工作和创新发展,负责组织、落实、完成董事会下达的经营等绩效指标及董事会、总经理办公会研究决定的重要事项,统筹谋划公司新模式、新业态发展。分管投资发展部、设计研究院。

王恒女士先后毕业于西南交通大学铁道工程专业和清华大学经济管理学院,是工学学士和工商管理硕士。

王恒女士于2022年9月28日再次当选为公司董事。

BOARD OF DIRECTORS AND KEY EXECUTIVES



MR TEH WING KWAN

Non-Executive Lead Independent Director

Mr. Teh Wing Kwan was appointed as the Lead Independent Director on 25 July 2024. Mr. Teh is also the Chairman of the Audit and Risk Committee, and is a member of both the Nominating Committee and the Remuneration Committee of the Company.

Mr. Teh, a sophisticated investor, specialises in corporate restructuring, corporate finance, and merger & acquisition. He is the appointed Chairman for Livingstone Health Holdings Limited (listed on the SGX-Catalist), the appointed Chairman of the Board for China Vanadium Titano-Magnetite Mining Company Limited (listed on the Mainboard of the HKEX) where he led the team to completion of a RMB1.3 billion restructuring exercise in 2019, and an appointed advisor to Koda Ltd (listed on the Mainboard of the SGX-ST). Mr. Teh is also the lead investor in a public company listed on the SGX-Catalist and other privately held assets.

Mr. Teh was the controlling shareholder; and Executive Chairman and Chief Executive Officer ("CEO") of Citicode Ltd. (previously listed on the Mainboard of the SGX-ST) from July 2018 to February 2021 where he initiated and completed the reverse takeover of a multi-disciplinary healthcare services group, Livingstone Health Ltd. Mr. Teh was also the Group CEO and Managing Director of Sapphire Corporation Limited ("Sapphire") (listed on the Mainboard of the SGX-ST) from October 2013 to December 2017. Under his leadership, Sapphire underwent major corporate restructuring and business transformation exercises. He led Sapphire to be the first company listed outside Hong Kong to receive "The Listed Enterprise Excellence Awards 2016" from the Hong Kong-based Capital Weekly. He served as a non-executive director of other public companies listed on the HKEX, SGX Catalist and ASX as well.

Mr. Teh is a Fellow of The Association of Chartered Certified Accountants (United Kingdom), a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants, an International Affiliate of the Hong Kong Institute of Certified Public Accountants, a Chartered Accountant of the Malaysian Institute of Accountants, a Senior Accredited Director of the Singapore Institute of Directors and a Fellow Member of the Hong Kong Securities and Investment Institute. He was nominated for the 2015 and 2016 Asia Pacific Entrepreneurship Awards (Singapore) under the Industrial and Commercial Products Industry as well as the 2017 and 2018 Outstanding Leaders in Asia Corporate Excellence & Sustainability Awards under the Leadership Category.

郑永权先生

非执行首席独立董事

郑永权先生于 2024 年 7 月 25 日被任命为首席独立董事。他同时担任审计与风险委员会主席,并且是公司提名委员会和薪酬委员会的成员。

郑先生乃资深投资者,专注于企业重组、企业融资及并购。目前为 Livingstone Health Holdings Limited (于新交所凯利板上市)董事会主席,同时也是中国钒钛磁铁矿业有限公司(港交所主板上市)董事会主席,并曾在 2019 年带领公司完成人民币13 亿元的重组。此外,他还担任 Koda Ltd (于新交所上市)的顾问。郑先生也是其他新交所凯利板上市公司及私人资产的主要投资者。

郑先生曾是 Citicode Ltd.(前新交所主板上市)的控股股东、执行主席兼首席执行官(2018 年 7 月至 2021 年 2 月),这期间他主导并完成了一家多学科医疗服务集团, Livingstone Health Ltd, 的反向收购。他也曾担任盛世企业有限公司(新交所主板上市)的集团首席执行官(2013 年 10 月至 2017 年 12 月)。在他的领导下盛世企业进行了重大企业重组及业务转型,并成为首家非香港上市企业获得由香港《资本周刊》颁发的“2016 年上市企业卓越奖”的公司。此外,他亦曾出任于其他港交所,新交所及澳交所上市公司的非执行董事。

郑先生是英国特许公认会计师公会资深特许会计师,新加坡特许会计师协会资深特许会计师,香港会计师公会国际联系会员,马来西亚会计师协会特许会计师,新加坡董事学会 Senior Accredited Director, 香港证券及投资学会资深会员。他曾获提名竞逐 2015 年及 2016 年亚太卓越企业家大奖,2017 年及 2018 年亚洲企业卓越与可持续发展杰出领袖类别杰出领袖奖。



MR JACKSON TAY ENG KIAT

Non-Executive Independent Director

Mr. Jackson Tay Eng Kiat was appointed to the Board on 24 October 2019. With over 20 years of experience in accounts, finance, and corporate functions across both the public and private sectors, Mr. Tay has extensive expertise in overseeing financial management, operational leadership, corporate finance, and corporate strategy. His experience spans various areas, including business development, investor relations, sustainability, and corporate governance, both locally and internationally. Mr. Tay has held roles such as Chief Financial Officer and Chief Operating Officer with several companies listed on the SGX-ST.

Mr. Tay is also an Independent Director of OUE Healthcare Limited, a company listed on the Catalist Board of the SGX-ST.

He holds a Bachelor of Accountancy (Minor in Marketing) from Nanyang Technological University, Singapore, and is a member of the Institute of Singapore Chartered Accountants.

Mr. Tay was last elected as a Director of the Company on 28 April 2022.

郑英杰先生

非执行独立董事

郑英杰先生于2019年10月24日获委任为董事会成员。郑先生在公共和私营企业的会计和金融领域工作经验超过20年。

郑先生在监督财务管理、运营领导、企业财务和企业战略方面拥有广泛的专业知识。他的经验涵盖多个领域，包括本地和国际的业务发展、投资者关系、可持续发展和公司治理。郑先生曾在多家新交所上市的公司担任首席财务官和首席运营官等职务。

他同时也是华联医疗有限公司，一家在新加坡交易所凯莉板上市公司的独立董事。

郑先生持有新加坡南洋理工大学的会计学学士学位(市场营销副学士学位)，并是新加坡特许公认会计师公会的会员。

郑先生于2022年4月28日再次当选为公司董事。

PROFESSOR ZHANG WEIGUO

Non-Executive Independent Director

Prof Zhang Weiguo was appointed to the Board with effect from 14 January 2022.

Prof Zhang is the founder of the Research Fund for Niche Behavioral Economics (RFNBE). He served as a visiting scholar and researcher in Simon Fraser University (Canada) between 2013 and 2021. His research focuses on strategic planning, organization management, business model innovation, and supply chain management.

Prof Zhang has rich business experience. He was the Director and GM of Shandong Shipping Corporation, a large state-owned company in China as well as a professor and doctoral supervisor at the College of Transportation Management, Dalian Maritime University, China. He is an expert in Chinese enterprises' reform and development and has a deep understanding of China's Corporation Law. He is a successful Angel investor and a well-known consultant for companies. He has also served as a director, independent director, or strategic advisor in a number of companies, including technology companies.

Prof Zhang holds a Bachelor of Marine Engineering Management from Dalian Maritime University, a Master of International Trade from Ocean University of China, a Master of Senior Business Administration from Peking University, and a PhD in Marxism Sinicization studies from Dalian Maritime University, China.

Prof Zhang was last elected as a Director of the Company on 28 April 2022.

张卫国教授

非执行独立董事

张卫国教授于2022年1月14日获委任为非执行独立董事。张教授是小众行为学研究基金 RFNBE (Research Fund for Niche Behavioral Economics) 的创始人。2013-2021 年在加拿大西蒙弗雷泽大学做访问学者和研究员，主要研究方向为战略规划、组织管理、商业模式创新和供应链管理。

张博士具有丰富的商业研究和实践经验。他曾任中国大型国有企业山东海运股份有限公司董事总经理和中国大连海事大学交通运输管理学院教授、博士生导师。他是一位成功的天使投资人，也是知名的企业顾问。他还曾在包括科技公司在内的多家公司担任董事、独立董事或战略顾问。

张教授拥有大连海事大学轮机管理学士学位、中国海洋大学国际贸易硕士学位、北京大学高级工商管理硕士学位和中国大连海事大学马克思主义中国化研究博士学位。

张教授于2022年4月28日再次当选为公司董事。

BOARD OF DIRECTORS AND KEY EXECUTIVES



MR FOO YONG HOW

Chief Corporate Officer (Non-Board Member)

Mr Foo Yong How was appointed as Chief Corporate Officer ("CCO") on 28 June 2018.

Mr Foo has more than 15 years of experience in investment banking, business development and wealth management and he is responsible for assisting the CEO in key functions of the Group which includes the day-to-day operation, formulation of strategic planning in mergers and acquisition, new business opportunities, corporate finance related activities and taking charge of the Group's investor relations and corporate communication activities.

Prior to joining the Group in June 2018, Mr Foo was a Senior Director of Wise Torch Investment and he was also the General Manager of International Healthway Corporation Ltd (now known as OUE Lippo Healthcare Ltd), assisting the Board of Directors in the management and supervision of operations, financial management and marketing, as well as being part of the Interim Transition Committee, when the new Board of directors was appointed with the existing CEO being suspended of all executive functions and power.

He has also worked in UOB Kay Hian where he was involved in structuring both public and private deals in the investment banking field and international capital markets. Mr Foo has co-led numerous successful IPO deals in diverse sectors, such as real estate, medical and resources. He graduated with a BSc in Electrical Engineering from the National University of Singapore in 2003, and is a CFA® Charterholder.

He is also currently the Independent Non-Executive Chairman and Lead Independent Director of Hafary Holdings Limited Group, a company listed on the Mainboard of the SGX-ST.

符永濤先生

首席企业官(非董事会成员)

符永濤先生于2018年6月28日被委任为集团的首席企业官(简称CCO)。他在投行业务、业务拓展和财务管理方面有超过15年的工作经验,主要负责协助首席执行官(CEO)完成集团的各项工作,包括日常业务的运转,并购战略规划,新商机的开拓,企业融资相关的活动,同时还负责所有与投资者关系和公司沟通相关的事宜。

在2018年6月加入本集团前,符先生曾任Wise Torch投资公司的高级董事,也曾担任国际康慧医疗集团(现名为华联力宝医疗保健有限公司)的总经理,协助董事会管理和监督企业运营、财务管理以及市场营销。在国际康慧医疗集团的新董事被选举任命后和现任的首席执行官被暂停了工作职能和权力的情况下,他同时也担任了临时过渡委员会成员。

之前,他还就任于大华继显银行(UOB Kay Hian),主要参与了投资银行业务和国际资本市场相关的公私交易项目。符先生还曾在房地产、医疗和矿业等多个行业,参与完成过许多成功的IPO案例。他于2003年毕业于新加坡国立大学电气工程专业理学学士学位,CFA执照持有人。

他同时也是合发利控股有限公司,一家在新加坡交易所主板上市公司的独立非执行主席和首席独立董事。

KOH YEE KIAT ROYSTON

Group Financial Controller (Non-Board Member)

Mr Koh Yee Kiat Royston was appointed as Group Financial Controller on 26 December 2023. Mr Koh has more than 22 years of experience in audit, accounting and financial management functions of various entities in the public and private sectors.

Mr Koh manages the Group's finance and accounting functions. Prior to joining the Group, Mr. Koh held various key finance positions in public listed companies such as USP Group Ltd, Winmark Investment Holdings Limited and CNA Group Ltd.

Mr. Koh graduated with a Bachelor of Accountancy from the Nanyang Technological University of Singapore in 1999 and is a member of the Institute of Singapore Chartered Accountants.

许宇杰先生

集团财务总监(非董事会成员)

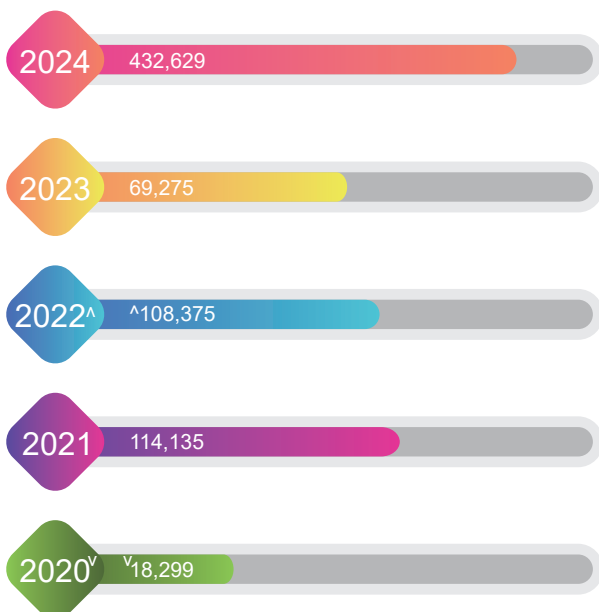
许先生于2023年12月26日获委任为集团财务总监。许先生于公营及私营机构的审计、会计及财务管理职能方面拥有逾22年经验。

许先生负责管理本集团的财务及会计职能。于加入本集团前,许先生曾于USP Group Ltd、Winmark Investment Holdings Limited及CNA Group Ltd等上市公司担任多个重要财务职位。

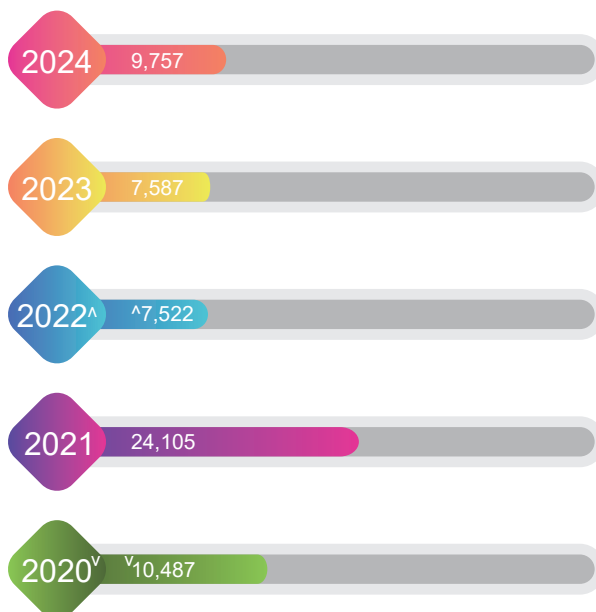
许先生于1999年毕业于新加坡南洋理工大学,获得会计学学士学位,并为新加坡特许会计师协会会员。

FINANCIAL HIGHLIGHTS

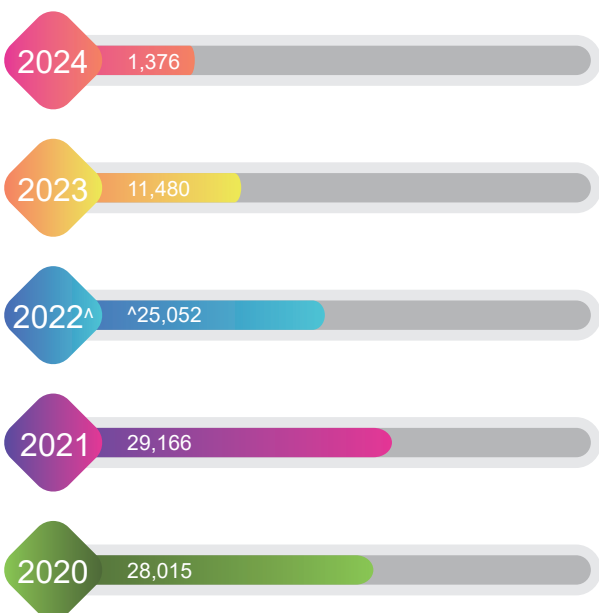
REVENUE (RMB' 000)



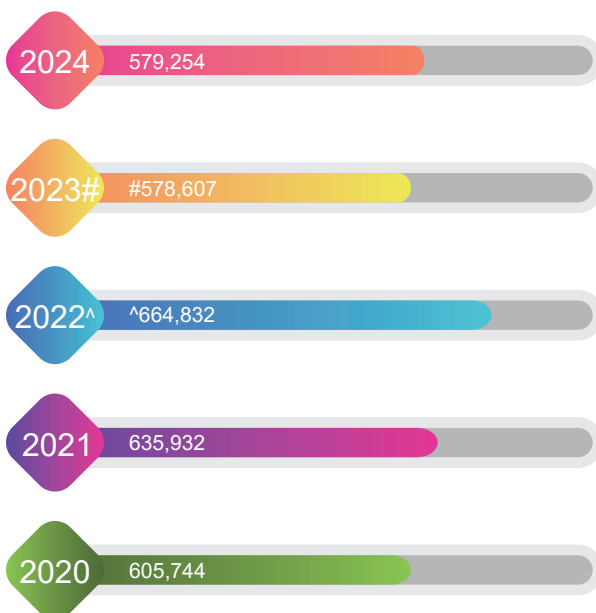
GROSS PROFIT (RMB' 000)



PROFIT (RMB' 000)



SHAREHOLDERS' FUNDS (RMB' 000)



Includes capital reduction in FY2023.

[^] Includes restatement in FY2022.

^v Exclude Ranken Railway. In October 2020, Ranken Railway was disposed and thereafter equity accounted for as an associated company.

OPERATIONAL AND FINANCIAL REVIEW

RESULTS

	Group FY2024 RMB'000	Group FY2023 RMB'000	Change %	Note
Revenue	432,629	69,257	524.7	1
Cost of sales	(422,872)	(61,670)	585.7	
Gross profit	9,757	7,587	28.6	2
Other income	5,250	4,334	21.1	3
Impairment losses on trade and other receivables	(68)	(6,885)	(99.0)	4
Provision for contingent liabilities and guarantee	(1,843)	(2,995)	(38.5)	5
Administrative expenses	(18,054)	(19,046)	(5.2)	6
Other expenses	(1,123)	(2,060)	(45.5)	
Loss from operating activities	(6,081)	(19,065)	(68.1)	
Finance costs	(2,982)	(2,028)	47.0	7
Share of profits from equity-accounted associate, net of tax	11,597	31,683	(63.4)	8
Profit before income tax	2,534	10,590	(76.1)	
Income tax (expense)/credit	(1,015)	1,352	N/M	9
Profit for the year	1,519	11,942	(87.3)	

N/M: not meaningful

Note 1	Revenue increased by RMB 363.4 million to RMB 432.6 million in FY2024, mainly due to trading business, which Yilong commenced in January 2024 for supply of infrastructure construction materials as the Group continues to extend its business for urban renewal and redevelopment services under its existing supply chain networks. In addition, there is also an increase in revenue for supply of other construction materials, including rendering of services for urban infrastructure construction and renewal projects.
Note 2	Gross profit increased by RMB 2.2 million to RMB 9.8 million in FY2024 on the back of higher revenues. However, gross margin decreased to 2.3% from 11.0% mainly due to (i) trading business which earned lower margin on average compared to rendering of services, (ii) higher sub-contracting and labor costs for urban redevelopment services projects undertaken by Jialong, and (iii) higher depreciation of property, plant and equipment as a result of additional depreciation from newly added right-of-use assets in relation to the shop spaces in Nanqiao Residence as well as plant and machinery.
Note 3	Other income increased by RMB 0.9 million to RMB 5.3 million in FY2024 mainly due to (i) guarantee fee income of RMB 2.5 million from its associate, and (ii) government grant and the sale of scrap materials of RMB 1.0 million. However, this increase was partially offset by lower interest income of RMB 2.6 million as the Group redeployed funds for its working capital and business operations.
Note 4	Impairment loss for trade and other receivables decreased by RMB 6.8 million to RMB 68,000, as there was no assignment of Overdue Guaranteed Receivables from Ranken Railway to Chengdu KQR in FY2024.
Note 5	Provision for Ranken Railway's guaranteed trade and other receivables during FY2024 was RMB 1.3 million as the overdue guaranteed receivables increased from RMB 36.9 million to RMB 42.8 million. Provision for covered guarantee provided for banking facilities of Ranken Railway during FY2024 was RMB 0.5 million as some of the guaranteed bank loans had longer tenures in FY2024 as compared to FY2023.
Note 6	Administrative expenses decreased by RMB 0.9 million to RMB 18.1 million in FY2024 mainly due to lower audit fees, directors' fees and other corporate expenses resulting from cost cutting measures. The decrease was despite (i) normalisation of executive directors' remuneration during 2024 of RMB 1.8 million as compared to the nominal salaries of SGD 1 per month during FY2023; and (ii) increase in staff costs for business development and operational support.
Note 7	Finance costs increased by RMB 1.0 million to RMB 3.0 million in FY2024 mainly due to an increase in interest expense of RMB 0.7 million from additional leases of new shop spaces for recurring leasing income, and an increase in factoring expenses by RMB 0.3 million for trade receivables financing.
Note 8	Share of profits of an associate, net of tax, decreased by RMB 20.1 million to RMB 11.6 million, mainly due to significantly lower profits derived from Ranken Railway, accounting provisions and cost overrun for certain projects. During FY2024, Ranken Railway completed and clinched fewer projects while it is still in the midst of evaluating new projects in the pipeline.
Note 9	Tax expenses increased by RMB 2.3 million to RMB 1.0 million in FY2024 mainly due to higher taxable profits for the subsidiaries during the year, whereas the tax credit in FY2023 was due to an over-provision of tax expenses from prior years.

OTHER COMPREHENSIVE INCOME

	Group FY2024 RMB'000	Group FY2023 RMB'000	Note
Profit for the year	1,519	11,942	
Other comprehensive income/(loss)			
Foreign currency translation differences arising from foreign operations	32	(3,384)	1
Share of other comprehensive loss of an associate	(761)	(1,066)	2
Total other comprehensive loss for the year	(729)	(4,450)	
Total comprehensive income for the year	790	7,492	
Total comprehensive income attributable to:			
Owners of the Company	647	7,030	
Non-controlling interest	143	462	
Total comprehensive income for the year	790	7,492	

Note 1	Foreign currency translation differences mainly relate to the translation differences for the functional currency of Sapphire in Singapore Dollars to the presentation currency in Chinese Renminbi.
Note 2	Share of other comprehensive loss of an associate relates to Ranken Railway for FY2024 and FY2023.

OPERATIONAL AND FINANCIAL REVIEW

FINANCIAL POSITION

	Group FY2024 RMB'000	Group FY2023 RMB'000	Note
Assets			
Property, plant and equipment	82,563	68,089	1
Intangible assets	448	535	
Investments in associates	458,909	448,444	2
Total non-current assets	541,920	517,068	
Other investment	957	925	3
Inventories	590	15	
Trade receivables	53,162	45,194	4
Other receivables	63,691	72,751	5
Cash and cash equivalents	61,802	87,389	6
Total current assets	180,202	206,274	
Total assets	722,122	723,342	

Note 1	Property, plant and equipment increased by RMB 14.5 million mainly due to (i) addition of right-of-use assets of RMB 15.2 million in relation to the new shop spaces in Nanqiao Residence and other new offices' rental which generates recurring leasing income; and for sales and marketing purposes; (ii) addition of plant and machinery of RMB 3.0 million; and (iii) addition of Yilong's leasehold land rights for 20 years of RMB 7.0 million, which was offset by depreciation of RMB 10.6 million during the year.
Note 2	Investments in associates rose by RMB 10.5 million mainly due to the Group's share of profit contribution from Ranken Railway and investment in BAZET during the year.
Note 3	Other investment increased by RMB 0.03 million mainly due to fair value gains recognised on quoted equity investments classified at fair value through profit or loss.
Note 4	Trade receivables increased by RMB 8.0 million mainly due to higher revenue from Yilong's trading business for urban renewal and redevelopment services under its existing supply chain networks.
Note 5	Other receivables decreased by RMB 9.1 million mainly due to reduction in prepayments to suppliers
Note 6	Cash and cash equivalents decreased by RMB 25.6 million mainly due to acquisitions of property, plant and equipment, net working capital outflows and payments related to financing activities.

OPERATIONAL AND FINANCIAL REVIEW

FINANCIAL POSITION

	Group FY2024 RMB'000	Group FY2023 RMB'000	Note
Equity			
Share capital	350,874	350,874	
Reserves	228,380	227,733	
Equity attributable to owners of the Company	579,254	578,607	7
Non-controlling interests	11,982	11,541	8
Total equity	591,236	590,148	
Liabilities			
Provisions	12,627	10,784	9
Lease liabilities	34,354	27,557	10
Total non-current liabilities	46,981	38,341	
Trade payables	34,347	37,327	11
Other payables	44,008	55,627	12
Lease liabilities	5,550	1,899	10
Total current liabilities	83,905	94,853	
Total liabilities	130,886	133,194	
Total equity and liabilities	722,122	723,342	

Note 7	Equity attributable to owners of the Company increased by RMB 0.6 million to RMB 579.3 million in FY2024 due to profit for the year of RMB 1.4 million, partially offset by share of other comprehensive loss of an associated company of RMB 0.7 million.
Note 8	Non-controlling interests relate mainly to minority shareholders in Chengdu Kai Qi Rui Business Management Co., Ltd. and its subsidiaries.
Note 9	Provisions include provision for guarantee relating to the recoverability of Ranken Railway's outstanding receivable balances and provision for covered guarantee for banking facilities of Ranken Railway which increased by RMB 1.8 million in aggregate during FY2024.
Note 10	Lease liabilities increased by RMB 10.4 million mainly due to leasing of new shop spaces in Nanqiao Residence; and new offices for sales and marketing purposes.
Note 11	Trade payables decreased by RMB 3.0 million mainly due to repayment of the bills payable of RMB 20.0 million and decrease in trade payable with an associate of RMB 1.7 million, partially offset by a net increase in trade payables of RMB 18.7 million due to higher purchases of materials and services on the back of increased sales volume.
Note 12	Other payables decreased by RMB 11.6 million mainly due to repayments of (i) amount due to shareholders of RMB 1.1 million, (ii) amount due to a related company of RMB 1.8 million, and (iii) advances from an associate of RMB 9.7 million; offset by a net increase in accrued expenses, security deposits from tenants and other payables of RMB 1.0 million in aggregate.

CASH FLOW

	Group FY2024 RMB'000	Group FY2023 RMB'000	Note
Cash flows from operating activities			
Operating cash flows before working capital changes	5,136	(5,724)	
Changes in working capital	(10,179)	(2,539)	
Cash used in operations	(5,043)	(8,263)	
Income tax paid	(924)	(330)	
Net cash used in operating activities	(5,967)	(8,593)	1
Cash flows from investing activities			
Net cash (used in)/generated from investing activities	(8,842)	77,434	2
Cash flows from financing activities			
Net cash used in financing activities	(10,778)	(88,988)	3
Cash and cash equivalents at end of the year	61,802	87,389	4

Note 1	The net cash used in operating activities for FY2024 was RMB 6.0 million after accounting for (i) operating profit before working capital changes of RMB 5.1 million mainly due to non-cash adjustments arising from depreciation, fair value change in financial asset and lower share of profit of an associate during the year; (ii) net working capital outflows of RMB 10.2 million; and (iii) income tax payment of RMB 0.9 million.
Note 2	The net cash used in investing activities for FY2024 was RMB 8.8 million after accounting for (i) an investment in an associate (BAZET) of RMB 0.3 million; and (ii) acquisition of plant and equipment and intangible assets of RMB 10.0 million, which was offset by interest income received of RMB 1.5 million.
Note 3	The net cash used in financing activities for FY2024 was RMB 10.8 million after accounting for (i) payments of lease liabilities of RMB 4.9 million; (ii) payments of interest and factoring expenses of RMB 2.9 million; (iii) payment for amounts due to shareholders of RMB 1.1 million; and (iv) repayments for short-term loans due to a related party, Chengdu Yunlong Technology Pte Ltd, of RMB 2.0 million. The Group distributed RMB 93.3 million cash to shareholders of the Company in FY2023 via capital reduction whereas there was none in FY2024.
Note 4	Given the above, cash and cash equivalents fell by RMB 25.6 million to RMB 61.8 million.

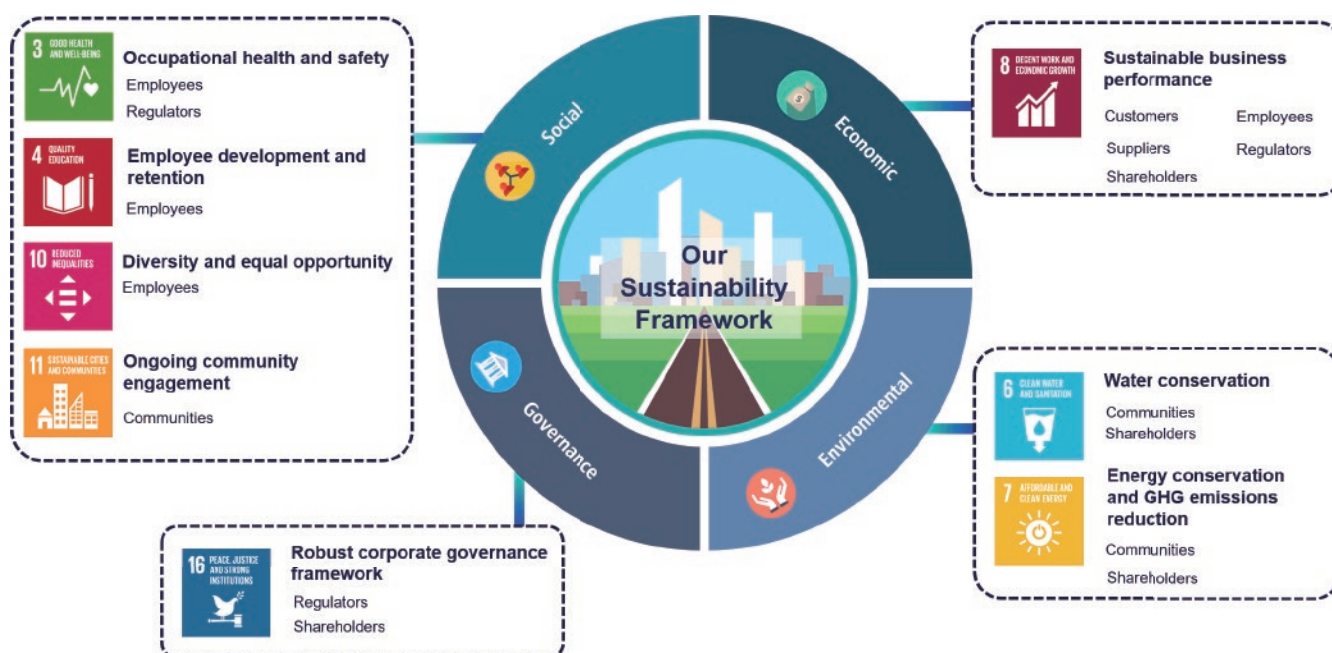
SUSTAINABILITY REPORT

BOARD STATEMENT

Sapphire Corporation Limited (the “Company”) and its subsidiaries (the “Group” or “We”) are committed to good corporate governance and sustainable business practices that foster best practices, transparency, accountability and integrity for the long-term sustainability of our business and value creation for our stakeholders.

We reaffirm our commitment to sustainability with the publication of the Group’s sustainability report (the “Report”). For this Report, we provide insights into the way we do business, while taking into account our key sustainability factors under the sustainability pillars of economic, environmental, social and governance (collectively as “Sustainability Factors”), to provide readers with an accurate and meaningful overview on how sustainability issues are managed. The Board of Directors (“Board”) having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, determined the key Sustainability Factors and overseen the management and monitoring of the key Sustainability Factors.

Our sustainability framework communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“SDGs”) and is primarily driven by the concerns of our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our key Sustainability Factors and the SDGs as follows:



SUSTAINABILITY PERFORMANCE AT A GLANCE

A summary of our key sustainability performance in FY2024 is as follows:

Sustainability pillar	Performance indicator	Sustainability performance	
		FY2024	FY2023
Economic	Economic value generated ¹	RMB437.5 million	RMB73.6 million
	Operating costs ²	RMB413.9 million	RMB60.8 million
	Employee benefits expense	RMB17.4 million	RMB15.1 million
	Payments to providers of capital ³	RMB0.2 million	RMB0.2 million
	Tax to governments	RMB0.9 million	RMB0.3 million
Environmental	Water consumption(CuM)	143	150
	Electricity consumption (kWh)	18,092	17,030
	Indirect greenhouse Gas (“GHG”) emissions (tonnes CO ₂ e)	10	9
Social	Number of work-related fatalities	-	-
	Number of high-consequence ⁴ work-related injuries	-	-
	Employee turnover rate	26%	6%
	Number of reported incidents of unlawful discrimination ⁵ against employees	-	-
Governance	Number of incidents of major corruption ⁶	-	-

OUR BUSINESS

Our business model is aligned with urbanisation trends with two key revenue streams of: (i) property management and city redevelopment services; and (ii) leasing of warehouse and equipment and supply of materials for urbanisation projects. An overview of our key business units and their developments is as follows:

Property management and city redevelopment services

Group entity	Chengdu Shengshi Jialong City Management Service Co., Ltd.	
Supplier	Service providers for maintenance works, cleaning, security and landscaping	
Operations		Provision of property management services to a 9-storey office building (中铁隆大厦)
		Operator and provider of property management services for the Furong Market (芙蓉集市)

Notes:

- (1) Economic value generated comprises revenue and other income net of government grants and unrealised gains.
- (2) Operating costs comprise cost of sales, administrative expenses, other expenses, net of employee-related costs, depreciation of property, plant and equipment and amortisation of intangible assets.
- (3) Payments to providers of capital include interest payments made to providers of loans and dividend payments to shareholders (if any).
- (4) High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
- (5) Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to a company.
- (6) A major corruption incident is defined as a serious offence that involves fraud or dishonesty and is being or has been committed against a company by its officers or employees. Such a serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than \$100,000.

Operations		Operator and provider of property management services for the Nanqiao New Residence (南桥新居)
		Operator and provider of property management services for the Waterfront Garden Sanhe New Residence (三河新居)
		Operator of the International Community Service Centre at Laoma Road (老马路社区“乐邻里”国际化社区邻里中心社区综合体)
Customer	Business partners (including an associated company ⁷) and tenants	

Leasing of warehouse and equipment and supply of materials for urbanisation projects

Group entity	Sichuan Yilong Equipment Co., Ltd.	
Supplier	Suppliers of materials for urbanisation projects	
Operations		Leasing of warehouse and equipment
		Supply of materials for urbanisation projects
		Provide support for the construction of photovoltaic projects
		Provide large-scale equipment rental services
Customer	Business partners (including the Associated Company) and corporate customers	

Notes:

(7) Associated company refers to Ranken Railway Construction Group Co., Ltd (the “Associated Company”)

OUR COMMITMENT TO A GREENER FUTURE

As part of our commitment to environmental conservation, we plan to expand into environmental projects such as the following:



- Urban water treatment projects to remove impurities from sewage water and produce renewable water resources. The renewable water resources will be used mainly for industrial purposes;
- Installation of centralised water purification system to produce quality and purified drinking water;



Improvement of our cleaning services in public areas by progressively incorporating higher performance standards for waste sorting, recycling and disposal;

ASSOCIATION MEMBERSHIP

Chengdu Shengshi Jialong City Management Service Co., Ltd. (“Jialong”) is a member of the following associations:

S/N	Association ⁸
1	Sichuan Ecotourism Association (四川省生态旅游协会)
2	Chengdu Property Management Association (成都市物业管理协会)
3	Chengdu Wuhou District Building Economic Development Alliance (成都市武侯区楼宇经济发展联盟)

AWARDS

Being the operator of the International Community Service Centre at Laoma Road in Wangjiang Road Street of Chengdu, Wuhou district (成都市武侯区望江路街道老马路社区“乐邻里”国际化社区邻里中心社区综合体), the awards received by Jialong include:

Date	Award ⁸	Awarded by ⁸
September 2022	National Social Governance Innovation Award (全国社会治理创新案例) (2022)	China Society for Social Governance Research (中国社会治理研究会)
November 2022	“Garden City, Flowers for Community” award conferred at the Chengdu Community Garden Award Ceremony and Conference (“公园城市花惠万家”成都市社区花园创建 颁奖仪式暨总结大会)	▪ Chengdu Park City Construction Administration (成都市公园城市建设管理) ▪ Urban and Rural Community Development and Governance Committee, the Communist Party of Chengdu City (中共成都市委城乡社区发展治理委员会)

Notes:

(8) Names of awards and associations are translated into English based on their Chinese version. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

CERTIFICATIONS

Jialong obtained the following certificates of compliance from the Guobiao Standards (“GB/T”) and International Organization for Standardization (“ISO”):

Certification	Description of certification
GB/T 19001-2016/ ISO 9001:2015	Specify requirements of a quality management system for any organisation that needs to demonstrate its ability to consistently provide solutions that meet customers’ and applicable regulatory requirements and aims to enhance customer satisfaction
GB/T 24001-2016/ ISO 14001:2015	Ensure continuous improvement of the company’s environmental impact
GB/T 45001-2020/ ISO 45001:2018	Ensure physically and mentally safer working conditions

REPORTING FRAMEWORK

This Report is prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules. This Report is also prepared with reference to the Global Reporting Initiative (“GRI”) Standards as it provides an extensive framework that is widely accepted as a global standard for sustainability reporting.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainable Development, which is adopted by all United Nations Member States in 2015 (“UN Sustainability Agenda”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures are produced based on the 11 recommendations of Task Force on Climate-related Financial Disclosures (“TCFD”).

We relied on internal data monitoring and verification to ensure accuracy for this Report. Internal review on the sustainability reporting process has been incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports subject to market trends and regulatory requirements.

REPORTING SCOPE

This Report is applicable for the financial year from 1 January to 31 December 2024 (“FY2024” or “Reporting Period”).

This Report covers the key operating entities within the Group which contributed to approximately 100%⁹ (FY2023: 100%) of the Group’s total revenue for the Reporting Period:

S/N	Entity
1	Sapphire Corporation Limited
2	Ranken Holding Co., Ltd.
3	Chengdu Kai Qi Rui Business Management Co., Ltd.
4	Sichuan Yilong Equipment Co., Ltd.
5	Chengdu Shengshi Jialong City Management Service Co., Ltd.

FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, you may send to our investor relations email account: ir@sapphirecorp.com.sg.

STAKEHOLDER COMMUNICATION

We understand the need for regular stakeholder communications, which are relevant to the sustainable development of the Group. Such communications play a key role in Group-wide decision-making processes and to manage the business in a sustainable manner.

Through an internal stakeholder mapping exercise, we identified key stakeholder groups which we prioritise our engagements with. These include individuals or groups that have an interest, that is affected or could be affected by our activities.

Notes:

(9) The newly incorporated Malaysian subsidiary, Prosperity Equipment (M) Sdn Bhd, was excluded from the reporting scope due to its revenue constituting less than 1% of the total Group’s revenue in FY2024.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, investors and shareholders (“Shareholders”) and suppliers. Key stakeholders are determined for each key Sustainability Factor identified, based on the extent of which they can affect or are affected by operations of our Group.

We actively engage our stakeholders through the following channels:

S/N	Key stakeholder	Engagement platform	Frequency of engagement	Concerns of stakeholder
1	Communities	Community campaigns	Regularly	▪Social inclusion ▪Environmental initiatives
2	Customers	▪Ad-hoc meetings ▪Emails ▪Phone or video calls	Where necessary	▪ Service and product quality ▪ Timely response to customers' feedback
		Staff memos	Important notices are published when required	
3	Employees	▪Training ▪Regular reviews and appraisals	Where necessary	▪Fair labour practices ▪Job security ▪Remuneration and benefits ▪Training and development ▪Health and safety
		Staff memos	Important notices are published when required	
		Notices sent through emails or mails on updates of regulations	As and when there are updates to regulations and statutes	
4	Regulators	▪ Communication with Singapore Exchange (“SGX”), Accounting and Corporate Regulatory Authority (“ACRA”) and other authorities through emails and phone calls. ▪ Consultations and briefings organised by key regulatory bodies such as SGX and relevant government agencies/ bodies	Where necessary	▪ Corporate governance ▪ Transparent and timely communication of information ▪ Compliance with rules and regulations
		Notices sent through emails or mails on updates of regulations	As and when there are updates to regulations and statutes	
5	Shareholders	▪Annual general meetings ▪Annual reports	Annually	▪ Financial performance and sustainability of the business ▪ Business strategy and direction ▪ Corporate governance and compliance ▪ Transparent and timely communication of information
		Result announcements	Half-yearly	
		▪Corporate website ▪Emails ▪News releases via SGX website	Where necessary	
6	Suppliers	▪Ad-hoc meetings ▪Emails ▪Phone or video calls	Where necessary	▪Clear two-way communications ▪Timely feedback.

Through the above channels, we seek to understand the concerns of key stakeholders, communicate effectively with them and respond to their concerns.

POLICY, PRACTICE AND PERFORMANCE REPORTING

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring key Sustainability Factors has been put in place. This SR Policy serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our key Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

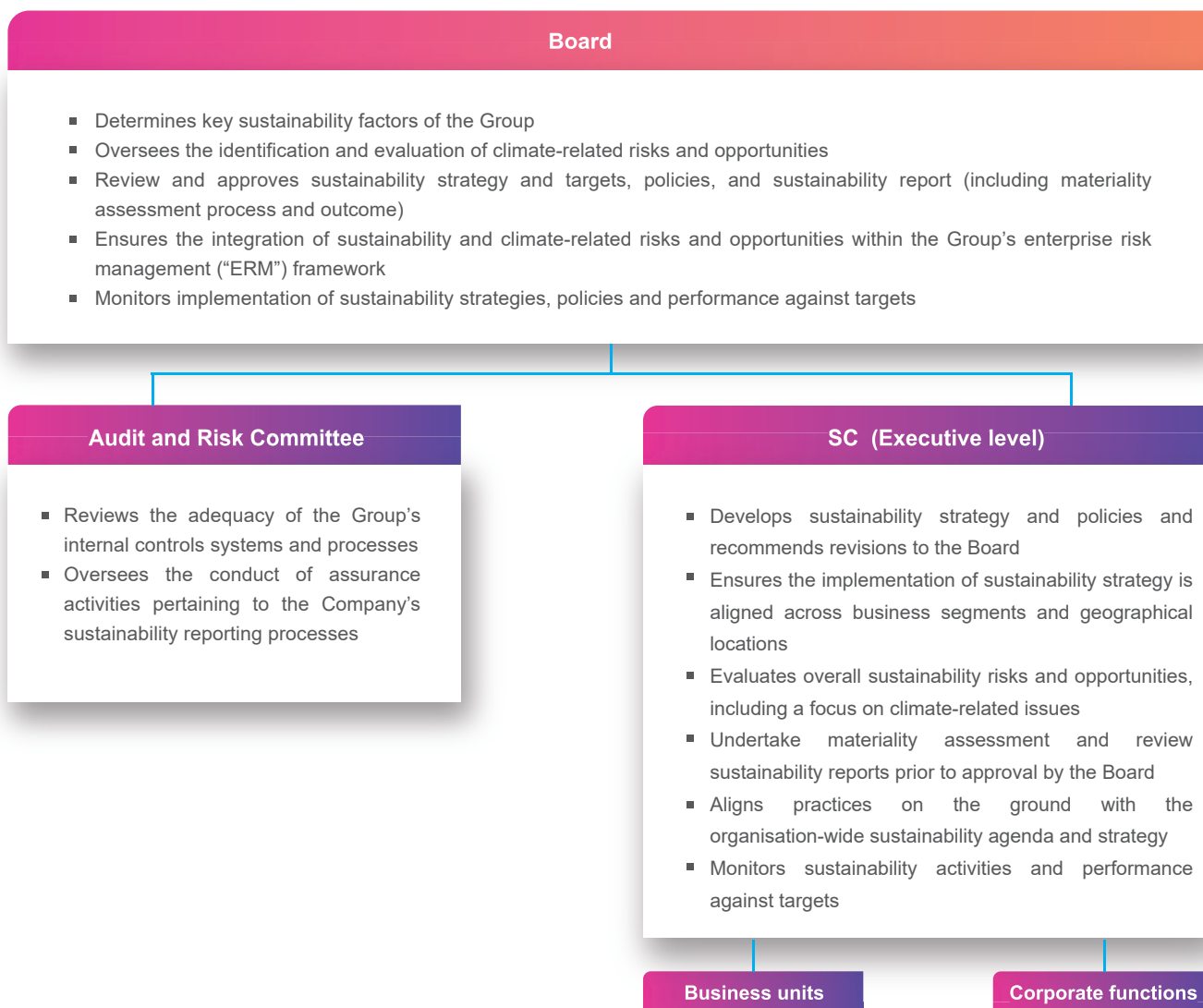
SUSTAINABILITY GOVERNANCE STRUCTURE

The Board advises and supervises the development of our sustainability strategy and performance targets. As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all 5 of our directors have attended one of the approved sustainability training courses.

Our sustainability strategy is spearheaded by an executive level Sustainability Committee ("SC") which is led by our Chief Executive Officer ("CEO") and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report. The SC is further supported by selected staff from the key business units and corporate functions.

Besides the SC, the Board is also supported by the Audit and Risk Committee on specific sustainability matters under their respective terms of reference. As we are still refining our sustainability related metric measuring, tracking and target setting mechanism, we will link the key executives' remuneration to sustainability performance when the mechanism is more matured and stable.

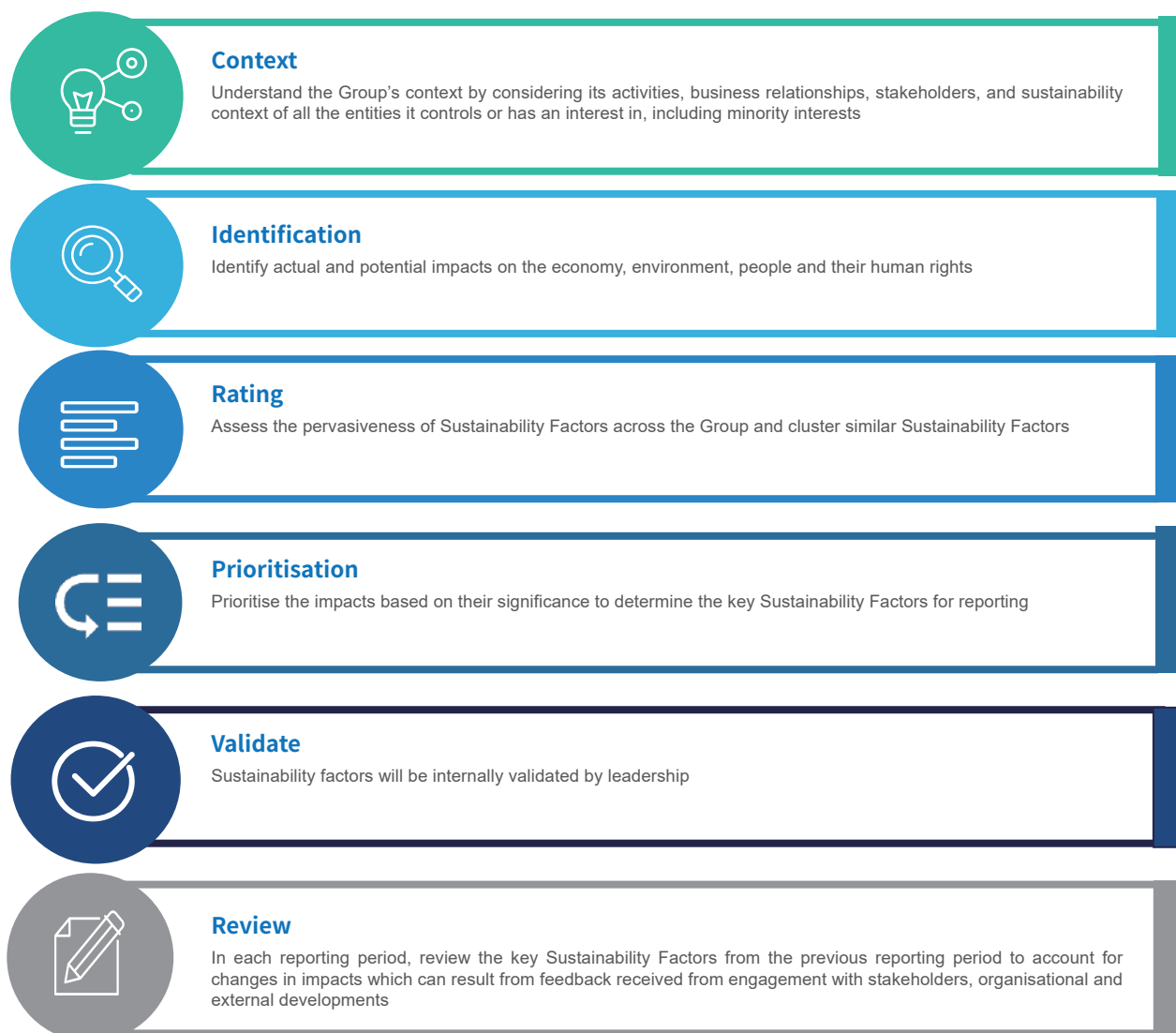
Our sustainability governance structure and the responsibilities of component parties are detailed as follows:



SUSTAINABILITY REPORTING PROCESSES

Our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of key Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:



MATERIALITY ASSESSMENT

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts and significance of our impacts on the economy, environment, people and their human rights, which in turn can indicate our contribution (negative or positive) to sustainable development.

PERFORMANCE TRACKING AND REPORTING

We track our key Sustainability Factors by identifying the relevant data points and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path to sustainability. We also consistently enhance our performance-monitoring processes and improve our data capturing systems. A sustainability report is published annually in accordance with our SR Policy.

KEY SUSTAINABILITY FACTORS

In FY2024, a stakeholder engagement session¹⁰ and a materiality assessment were conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors with significant impacts on the economy, environment, people and their human rights were updated. In this Report, we also reported our progress in managing these factors and set related targets to improve our sustainability performance.

The key Sustainability Factors applicable to the Group are as follows:

S/N	Key Sustainability Factor	SDG	Key stakeholder
Economic			
1	Sustainable business performance	Decent work and economic growth	▪ Customers ▪ Employees ▪ Suppliers ▪ Regulators ▪ Shareholders
Environmental			
2	Water conservation	Clean water and sanitation	▪ Communities ▪ Shareholders
3	Energy conservation and GHG emissions reduction	Affordable and clean energy	▪ Communities ▪ Shareholders
Social			
4	Occupational health and safety	Good health and well-being	▪ Employees ▪ Regulators
5	Employee development and retention	Quality education	Employees
6	Diversity and equal opportunity	Reduced inequalities	Employees
7	Ongoing community engagement	Communities	Communities
Governance			
8	Robust corporate governance framework	Peace, justice and strong institutions	▪ Regulators ▪ Shareholders

SUSTAINABLE BUSINESS PERFORMANCE

Our commitment

The Group believes in the creation of long-term economic value and consistent economic performance for the Group and its stakeholders.

Our approach

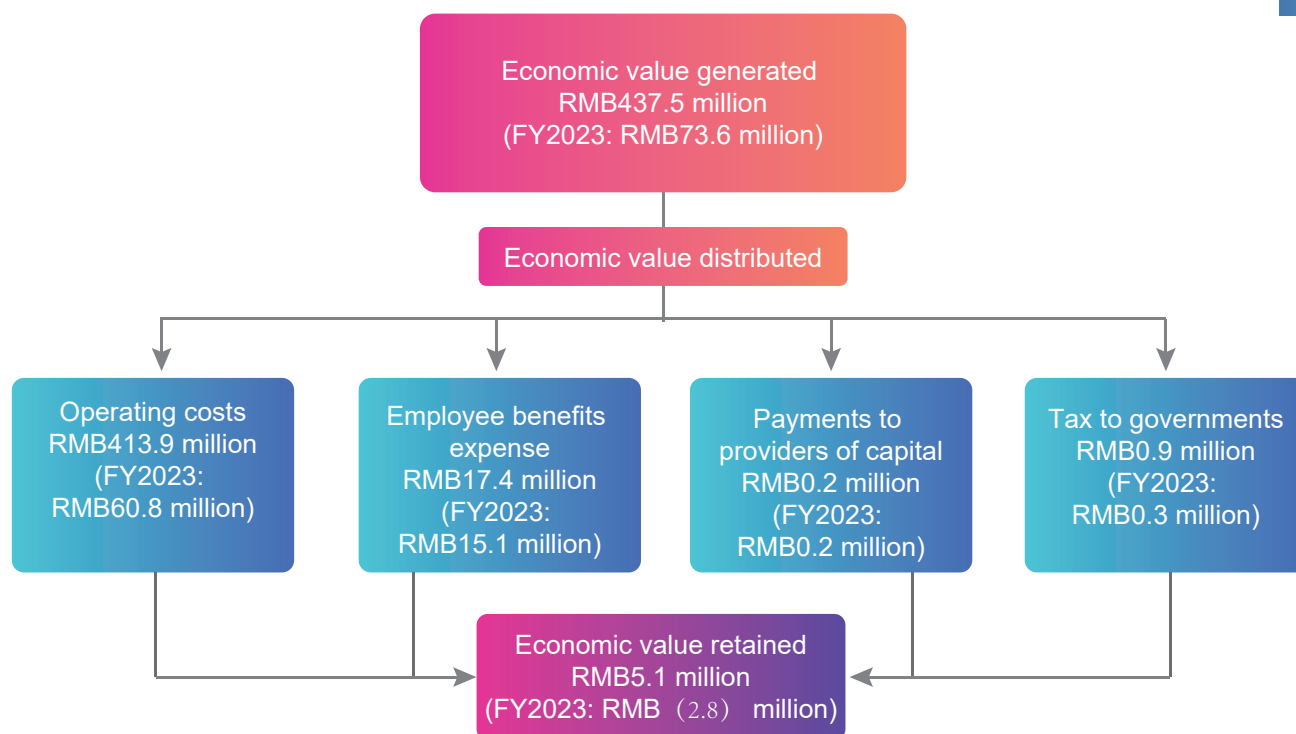
We strive to generate and distribute economic value by executing our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, mitigating relevant business risks identified.

Our performance

In line with the commitment to provide value to various stakeholders and to enable a more sustainable future, economic value generated in FY2024 is distributed as follows:

Notes:

(10) The Company started to engage its internal stakeholders of employees for the materiality assessment performed. We strive to reach out to external stakeholders for our materiality assessment in the future where practicable.



Further details of our financial performance can be found in the financial contents and audited financial statements of this Annual Report.

WATER CONSERVATION

Our commitment

Proper and efficient management of water is important in addressing global water scarcity and reducing wasteful water consumption. We are committed to the responsible usage of water resources through our involvement in water and environmental conservation projects.

Our approach

Specialised city redevelopment services for environmental project

In the back of increasingly stringent environmental protection regulations in People's Republic of China ("PRC") and to combat climate change, we believe that the greening of industrial parks in PRC – where large-scale industrialisation activities are primarily located in PRC – and transforming them into "eco-industrial parks", will present new business opportunities where we can offer integrated building estate management services with water and environmental conservation solutions, given our track record in water and environmental conservation projects.

Our track record



Liveable River Bank

As a consortium partner for the first phase of Wuhou District, "Liveable River Bank" project in Chengdu, Sichuan Province, PRC, which was completed in early 2021, we accumulated valuable knowledge and operating experience in managing the water and environmental conservation projects. This project involved the design, build, finance and management of ecological restoration, flood control measures and building infrastructures along an embankment along Jiang An River, one of the key waterways in Chengdu.

Tracking and conserving water in our operations

We mainly source our water supply from municipal water suppliers. To run our operations, we rely on water resources mainly in our office environment and public amenities for cleaning purposes, restrooms and pantries. Our water conservation initiatives include placing notices within the premises and public amenities to remind users to save water, performing regular tracking and analysis of water consumption trends and taking corrective actions when unusual consumption patterns are observed.

Our performance

Key statistics on water consumption during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2024	FY2023
Water consumption	CuM	143	150

The decrease in water consumption was mainly due to the reduced staff headcount in FY2024.

ENERGY CONSERVATION AND GHG EMISSIONS REDUCTION

Our commitment

We are committed to the responsible usage of energy resources and emissions reduction to combat climate change.

Our approach

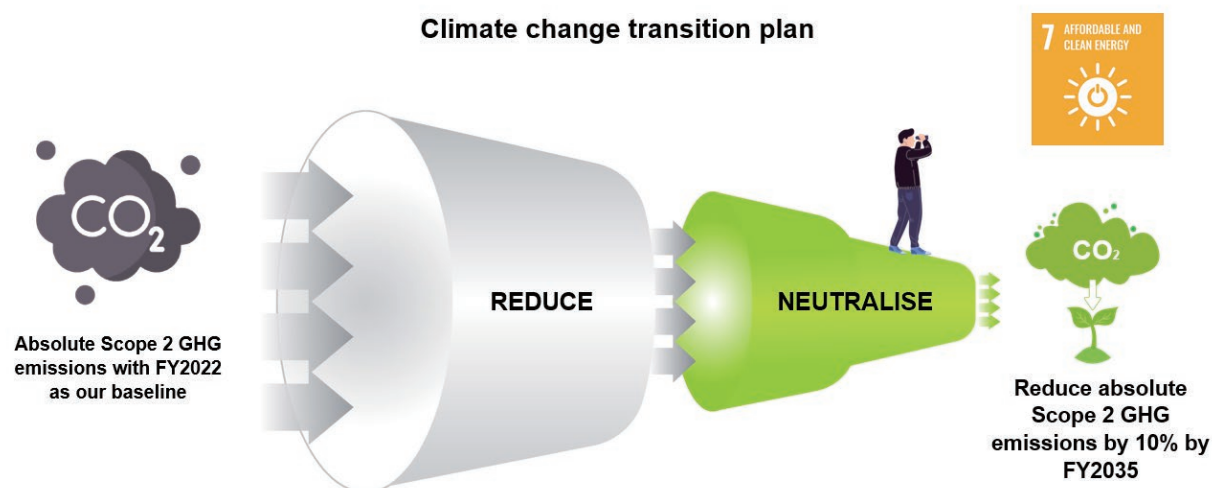
We aim to reduce our environmental footprints and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders of communities, shareholders, employees, customers and suppliers. We adopt a balanced approach in effectively managing and minimising the impacts arising from our business operations.

To run our operations, we rely on purchased electricity mainly in our office environment and public amenities for lighting, heating and cooling (Scope 2¹¹). Other than indirect GHG emissions (Scope 2), we do not generate significant direct GHG emissions (Scope 1¹²) from our operations. Accordingly, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, should it be significant.

We track and monitor our Scope 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanism to track our other categories of our scope 3 GHG emissions, where relevant and practicable. We developed a climate change transition plan and will refine and improve the plan as we progressively implement it, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our future sustainability reports with assurance on the reporting process covered by an internal review.

Climate change transition plan

Our climate change transition plan steers us on our decarbonisation journey. Under this plan, we commit to reduce our absolute Scope 2 GHG emissions by 10% by FY2035, with FY2022 as our baseline. Our climate change transition plan is focused on two (2) strategic levers of reduce and neutralise as follows:



Notes:

(11) GHG emissions from electricity purchased by a company (Scope 2) are calculated based on the emissions factors published by the local authorities.

(12) Scope 1 GHG emissions occur from sources that are owned or controlled by a company.

Details of our strategic levers are as follows:

Lever	Reduce	Neutralise
Description	- Reduce absolute emissions first within our operations and followed by our supply chain - Replace existing energy source with low or zero-carbon sources	Neutralise unavoidable residual emissions
Focus area	- Energy efficiency - lighting - Behavioral changes - Clean energy	- Renewable energy certificates ("REC") - Carbon credits

We track and review spending on energy consumption regularly to control usage and take corrective actions when unusual consumption patterns are observed. We continuously strive to improve our energy use and efficiency through the following initiatives and aspirations:

Lever	Key initiative	Description
Reduce	Energy efficiency - lighting	We use LED lights within our premises where practicable.
	Behavioural changes	We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use, enabling power saving modes and optimising operating temperatures.
	Clean energy	We are constantly exploring opportunities to source for clean and/or renewable energy where we operate in.
Neutralise	- REC - Carbon credits	We plan to explore the use of REC and carbon credits to offset unavoidable residual emissions when the relevant markets mature.

Our performance

Key statistics on electricity consumption and GHG emissions during the Reporting Period are as follows.

Performance indicator	Unit of measurement	FY2024	FY2023
Energy consumption			
Electricity consumption	kWh	18,092	17,030
GHG emissions			
Indirect GHG emissions (Scope 2)	tonnes CO2e	10	9

The increase in electricity consumption and GHG emissions was mainly due to higher cooling demands caused by elevated temperatures.

During the Reporting Period, we started tracking selected Scope 3 GHG emissions of our operations as follows:

Category	Coverage	Unit of measurement	FY2024	FY2023
Category 7: Employee commuting	Transportation of employees between their homes and their worksites	tonnes CO2e	23	37 ¹³

The decrease in employee commuting emissions was mainly due to a reduced staff headcount in FY2024.

OCCUPATIONAL HEALTH AND SAFETY

Our commitment

We recognise the importance of health and safety in its development of a competitive workforce. We aim to provide a hazard-free workplace by monitoring and assessing the Group's health and safety related risks on an ongoing basis.

Our approach

Measures taken include conducting fire safety and electrical safety trainings for employees and placing notices within the premises to remind employees to be careful and avoid electric shock, installing adequate fire-fighting equipment within the operating premises. Regular fire drills and evacuation exercises are conducted to familiarise our employees with the emergency procedures in the event of a risk incident.

Notes:

(13) Figure has been restated as a correction.

Our performance

During the Reporting Period, we encountered zero work-related fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2024 (FY2023: zero work-related fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

EMPLOYEE DEVELOPMENT AND RETENTION

Our commitment

We firmly believe that our success comes from continued investment in our employees. Our sustainable development and growth depend on a steadfast strategy of hiring, retaining and nurturing qualified and experienced personnel. Our human resources strategy recognises the importance of social equity and the provision of equal opportunities for the development and retention of our employees.

Our approach

We provide comprehensive training and development opportunities that enhance professional and technical expertise of our employees, so that they can continuously improve their skills and grow within the Group. The training programmes provided include training courses on service etiquette, customer relationship management, occupational health and safety, property and project management, human resources and administration, management skills, communication skills and cleaning procedures.

To retain employees, we provide reasonable incentives and competitive salaries. All employees are entitled to annual leave based on their job grade and we reward our employees based on their performance, skills and contributions to the organisation.

We care for our employees' well-being through employee benefits, such as work injury insurance, social insurance, housing funds for employees, paid maternity leave for female employees and provision of meals for our employees based in our office building (中铁隆大厦). We believe that employees' mental and physical health and wellness are of equal importance for employee retention. To meet such needs, we provide regular medical and physical check-ups for them to monitor their health and well-being. We also organised activities and events in promoting healthy living.

Our performance

Training hours

Key statistics on training hours are as follows:

Disclosure	FY2024	FY2023
Overall		
Total training hours	531	584
Average training hours per employee	8	8
Gender (Male)		
Total training hours	297	258
Average training hours per employee	9	7
Gender (Female)		
Total training hours	234	326
Average training hours per employee	8	9
Employee category (Top management)		
Total training hours	11	13
Average training hours per employee	2	2
Employee category (Middle management)		
Total training hours	68	66
Average training hours per employee	4	4
Employee category (Staff)		
Total training hours	452	505
Average training hours per employee	11	11

Turnover

Key statistics on turnover rate are as follows:

Disclosure	FY2024		FY2023	
	Number of turnovers	Rate of turnover	Number of turnovers	Rate of turnover
Gender				
Male	7	21%	2	6%
Female	10	32%	2	6%
Age				
Below 30	2	33%	-	-
30 to 50	10	30%	4	10%
Above 50	5	19%	-	-
Overall turnover	17	26%	4	6%

The increase in turnover rates was mainly due to the strategic downsizing of less profitable departments. The Group will continue to work towards improving our turnover rate.

New hires

Key statistics on new hire rate are as follows:

Disclosure	FY2024		FY2023	
	Number of new hires	Rate of new hires	Number of new hires	Rate of new hires
Gender				
Male	3	9%	13	36%
Female	7	23%	8	22%
Age				
Below 30	4	67%	2	29%
30 to 50	3	9%	13	33%
Above 50	3	12%	6	24%
Overall new hires	10	15%	21	29%

DIVERSITY AND EQUAL OPPORTUNITY

Our commitment

Human capital plays an integral role in building the extent of the success of the Group. Our employees, being at the forefront of our business, are our most valuable assets. We aim to build a conducive and harmonious working environment so that our employees continue to stay with us.

Our approach

We practice fair hiring without prejudice, regardless of age, gender, religion and ethnicity. In accordance with the PRC's Labour Law and the Law on Protection of Minors (《中华人民共和国劳动法》和《中华人民共和国未成年人保护法》), we strictly forbid our sub-contractors to hire child labour.

Our performance

As at 31 December 2024, the Group has 65 (FY2023: 72) full-time employees, the majority of whom are stationed in the PRC. During the Reporting Period, there is no (FY2023: zero) reported incident of unlawful discrimination against employees.

Gender diversity

We view gender diversity in the Board level as an essential element in supporting sustainable development. We have a female representation of one member (FY2023: one) in the Board or 20% (FY2023: 20%) of the Board. Key statistics on gender diversity of our full-time employees are as follows:

Disclosure	FY2024		FY2023	
	Male	Female	Male	Female
Overall	52%	48%	50%	50%
Employee category				
Top management	57%	43%	57%	43%
Middle management	56%	44%	53%	47%
Staff	50%	50%	52%	48%

Age diversity

In our Group, matured workers are valued for their experience, knowledge and skills. Key statistics on age diversity of our full-time employees are as follows:

Disclosure	FY2024			FY2023		
	Below 30	30-50	Above 50	Below 30	30-50	Above 50
Overall	9%	51%	40%	10%	56%	35%
Employee category						
Top management	-	57%	43%	-	57%	43%
Middle management	-	93%	7%	6%	94%	-
Staff	14%	35%	51%	13%	42%	46%

ONGOING COMMUNITY ENGAGEMENT

Our commitment

We are committed to creating positive social impacts through planning a variety of community campaigns which address the needs of our local communities.

Our approach

We work with various organisations to empower local communities.

Our performance

Being the operator of the International Community Service Centre at Laoma Road in Wangjiang Road Street of Chengdu, Wuhou district (成都市武侯区望江路街道老马路社区“乐邻里”国际化社区邻里中心社区综合体), we give back to the community through the following initiatives:

- Provide discounted meals for senior citizens at the canteen;
- Provide free access to fitness and sports rehabilitation facilities; and
- Organise free-of-charge theme activities such as health talks, legal talks, handicraft and music appreciation activities.

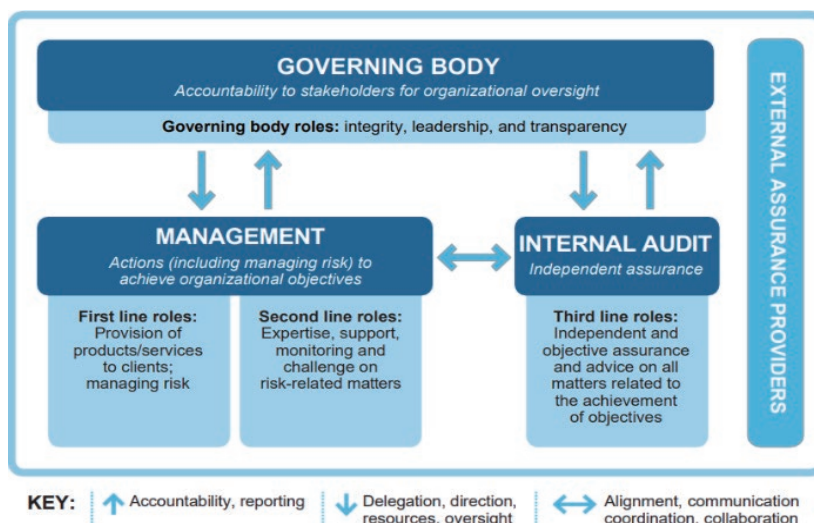
ROBUST CORPORATE GOVERNANCE FRAMEWORK

Our commitment

A high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long-term shareholder value. The Board recognises the importance to maintain a sound system of risk management and internal controls to safeguard the interests of the Group and its shareholders.

Our approach

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors (“IIA”). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model issued by the IIA

The Group has in place an ERM framework to identify, evaluate and monitor the Group's significant risks. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and favourable results.

The Group is also committed to upholding integrity and combating corruption in all its forms. The Group requires all employees to comply with the relevant anti-corruption legislations in all markets where it operates and has a whistle-blowing policy in place to encourage and provide a channel for employees to raise their concerns about possible improprieties in financial reporting or other matters without fear of reprisals. Details of the whistle-blowing policy are made available to all employees.

You may refer to Corporate Governance Report of this Annual Report for details of our corporate governance practices.

Our performance

In FY2024, there is no (FY2023: zero) incident of major corruption and no (FY2023: zero) reported incident of non-compliance with laws and regulations for which fines and/or non-monetary sanctions were incurred for the Group.

SUSTAINABILITY TARGETS

To measure our ongoing sustainability performance and drive continuous improvement, we developed a set of targets related to our key Sustainability Factors. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

Legend: Progress tracking	
○○○	New target
●●●	Target achieved
●●○	On track to meet target
●○○	Not on track, requires review

S/N	Key Sustainability Factor	Target ¹⁴	Current year performance
Economic			
1	Sustainable business performance	<u>Short-term</u> Maintain or improve our economic value generated subject to economic conditions	●●● Increase in economic value generated was mainly due to the trading business, which Sichuan Yilong Equipment Co., Ltd. commenced in January 2024 for supply of infrastructure construction materials as the Group continues to extend its business for urban renewal and redevelopment services under its existing supply chain networks
Environmental			
2	Water conservation	<u>Short-term</u> Maintain or reduce water consumption	●●● Decrease in water consumption is mainly due to the reduced staff headcount in FY2024
3	Energy conservation and GHG emissions reduction	<u>Short-term</u> Reduce Scope 2 GHG emissions by FY2025, with FY2022 as our baseline <u>Medium-term</u> Reduce our absolute Scope 2 GHG emissions by 10% by FY2035, with FY2022 as our baseline	●●● Maintained Scope 2 GHG emissions compared to the FY2022 baseline ●●○ Maintained Scope 2 GHG emissions compared to the FY2022 baseline
Social			
4	Occupational health and safety	<u>Ongoing and long-term</u> Maintain zero work-related fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases	●●● Maintained zero work-related fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases in FY2024
5	Employee retention and development	<u>Short-term</u> Maintain or reduce employee turnover rate <u>Ongoing and long-term</u> Provide training opportunities for development and growth to keep our employees motivated and engaged	●○○ Increase in turnover rate is mainly due to the strategic downsizing of a less profitable business segment ●●● Various training opportunities were provided for employees' development and growth in FY2024.
6	Diversity and equal opportunity	<u>Ongoing and long-term</u> Maintain zero incident of unlawful discrimination against employees	●●● Maintained zero incidents of unlawful discrimination against employees in FY2024
7	Ongoing community engagement	<u>Ongoing and long-term</u> Initiate community campaigns to help the communities	●●● Initiated community campaigns to help the communities
Governance			
8	Robust corporate governance framework	<u>Ongoing and long-term</u> Maintain zero incident of major corruption	●●● Maintained zero incidents of major corruption in FY2024.

Notes:

(14) Time horizons for target settings are: (i) short term: within 5 years (until FY2028); (ii) medium term: between 5 and 20 years (between FY2028 and FY2043); (iii) long term: above 20 years (FY2043 onwards); and (iv) ongoing: encompassing short, medium, and long term.

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We believe that everyone plays an important part in advancing sustainable development and we identified SDGs which we can contribute to sustainability development through our business practices and conservation solutions. The SDGs that we focused on and the related Sustainability Factors are as follows:

SDG		Our effort
 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	<u>Occupational health and safety</u> We implement measures to ensure a safe and secure working environment for our employees.
 4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities	<u>Employee development and retention</u> We invest in training, education and development of our people to enhance our business competencies.
 6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	<u>Water conservation</u> We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	<u>Energy conservation and GHG emissions reduction</u> We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, it also helps us to reduce costs incurred to support our business operations.
 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Sustainable business performance</u> We contribute to economic growth through creating long-term value for our stakeholders.
 10 REDUCED INEQUALITIES	Reduce inequality within and among countries	<u>Diversity and equal opportunity</u> We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.
 11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	<u>Ongoing community engagement</u> We initiate various campaigns to give back to the communities we operate in and to promote health and prosperity.

SDG	Our effort
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<u>Robust corporate governance framework</u> We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholders' value and carry out business with integrity by avoiding corruption in any form.

SUPPORTING THE TCFD

Our climate-related disclosures are produced based on the 11 recommendations of TCFD:

Governance

a. Describe the board's oversight of climate-related risks and opportunities.

The Board advises and supervises the development of our sustainability strategy and performance targets.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

The SC is tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report. The SC is further supported by selected staff from the key business units and corporate functions.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The climate-related risks and opportunities identified during the Group's ERM exercise include the following:

- **Adverse weather condition** - The physical impacts of climate change such as rising sea levels and extreme variability in weather patterns can pose risks such as to our facilities (including warehouse and equipment), supply chains and operations arising from floods, market demand fluctuations, adverse impacts on information technology infrastructure due to power and network outages. Severe and prolonged weather events may adversely affect the Group's business operations and financial performance. On the other hand, this raises awareness for us to conduct regular enterprise-wide risk assessments, establish alternative contingency arrangements and carry out inventory planning in the event of extreme weather patterns and weather disruptions; and
- **Shifting consumer preferences for environmentally friendly solutions** – The transition to a low-carbon future may lead to shifting customer preferences for greener solutions and/or more efficient technologies and lower emission technologies, which may in turn adversely affect our business costs and demand for the solutions sold to our customers. Conversely, this also presented an opportunity for the Group to review and assess its value chain to identify new solutions.

The Group's assessment on potential implications of the above climate-related risks was undertaken based on a range of climate scenarios using the RCP adopted by the IPCC.

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with the Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancements and behaviour changes as a key mitigation strategy.
IPCC RCP 8.5/4°C	The "business-as-usual" scenario assumes that emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce emissions.

We selected 1.5°C and > 4 °C warming scenarios for the purpose of our inaugural qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short term (within 5 years, until FY2028), medium term (between 5 and 20 years, between FY2028 and FY2043) and long term (above 20 years, FY2043 onwards).

Warming scenario 1: 1.5°C warming (RCP 2.6)

Risk	Potential impact magnitude		
	Short term	Medium term	Long term
Key transition risk identified			
Shifting consumer preferences for environmentally friendly solutions	●	●	●
Key physical risk identified			
Adverse weather condition	●	●	●

Warming scenario 2: > 4°C warming (RCP 8.5)

Risk	Potential impact magnitude		
	Short term	Medium term	Long term
Key transition risk identified			
Shifting consumer preferences for environmentally friendly solutions	NA ¹⁵	NA ¹⁵	●
Key physical risk identified			
Adverse weather condition	NA ¹⁵	NA ¹⁵	●

Legend

● Minor ● Moderate ● Major

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

Strategy

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that unmitigated physical climate risks of adverse weather conditions (under warming scenario > 4°C warming) may result in a major financial impact in the long term. Under the warming scenario 1.5, the transition risks from the cost increase from shifting consumer preferences may result in moderate financial impact in the medium term and long term. To address the risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we progress in our sustainability journey.

Risk Management

- Describe the organisation's processes for identifying and assessing climate-related risks
- Describe the organisation's processes for managing climate-related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

We acknowledge that maintaining a sound system of climate-related risk management is imperative to safeguarding the interests of the Group and foster trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major climate-related risks relevant to our business, as well as reviewing key climate-related risk performance regularly.

Climate-related risk management is covered under our ERM framework whereby potential climate-related risks are identified, assessed, monitored and managed. Under the framework, business units and functions are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group's business objectives. Climate-related risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM assessment exercise and are subsequently presented to the Audit and Risk Committee along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related performance indicators.

Notes:

(15) Not applicable as this scenario is unlikely in the short and medium term.

Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We monitor, measure and report our environmental performance such as energy consumption and GHG emissions in our sustainability reports. Monitoring and reporting these data and metrics enable us to identify areas of material climate-related risks and be more focused in its efforts.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

To support the climate change agenda, we disclose our Scope 2 and selected Scope 3 GHG emissions in this Report and set climate-related targets such as those related to energy and GHG emissions. We will continue to monitor our emissions and expand our disclosure our Scope 3 GHG emissions wherever applicable and practicable.

Our disclosure on indirect Scope 3 emissions includes employee commuting (Category 7) in FY2024.

As we do not generate significant direct GHG emissions (Scope 1) from our operations, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, should it be significant.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we set climate-related targets related to energy consumption and GHG emissions. For further details, please refer to the targets and progress section.

GRI CONTENT INDEX

Statement of use	Sapphire Corporation Limited has reported the information cited in the GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location/Page reference
GRI 2: General Disclosures 2021	2-1 Organisational details	1, 19, 100, 162-163
	2-2 Entities included in the organisation's sustainability reporting	23
	2-3 Reporting period, frequency and contact point	23, 26
	2-4 Restatements of information	30
	2-5 External assurance	23
	2-6 Activities, value chain and other business relationships	20-21
	2-7 Employees	32-33
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	9-12, 25, 46
	2-10 Nomination and selection of the highest governance body	25, 50-54
	2-11 Chair of the highest governance body	9, 25
	2-12 Role of the highest governance body in overseeing the management of impacts	25
	2-13 Delegation of responsibility for managing impacts	25
	2-14 Role of the highest governance body in sustainability reporting	25
	2-15 Conflicts of interest	42
	2-16 Communication of critical concerns	34, 63-64
	2-17 Collective knowledge of the highest governance body	25, 43
	2-18 Evaluation of the performance of the highest governance body	54
	2-19 Remuneration policies	54-56
	2-20 Process to determine remuneration	54-56
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints
	2-22 Statement on sustainable development strategy	5-8, 19
	2-23 Policy commitments	32, 34
	2-24 Embedding policy commitments	32, 34
	2-25 Processes to remediate negative impacts	34, 63-64
	2-26 Mechanisms for seeking advice and raising concerns	34, 63-64
	2-27 Compliance with laws and regulations	32, 34
	2-28 Membership associations	22
	2-29 Approach to stakeholder engagement	23-24
	2-30 Collective bargaining agreements	As at 31 December 2024, 75% of our employees are covered by collective bargaining agreements.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	26-27
	3-2 List of material topics	27
	3-3 Management of material topics	27-35
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	28
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	34
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	30
GRI 303: Water and Effluents 2018	303-5 Water consumption	29

GRI standard	Disclosure	Location/Page reference
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	30
	305-3 Other indirect (Scope 3) GHG emissions	30
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	32
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	31
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	31
	403-10 Work-related ill health	31
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	31
	404-2 Programs for upgrading employee skills and transition assistance programs	31
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	32-33
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	32
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	33

Corporate Governance Report

SAPPHIRE CORPORATION LIMITED

Corporate Governance Report for FY2024

The board (the “**Board**”) of directors (the “**Directors**” or each a “**Director**”) of Sapphire Corporation Limited (the “**Company**”) recognises the importance of good corporate governance and the offering of high standards of accountability to shareholders and are committed to achieving a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). The Company continues to evaluate and strives to put in place effective self-regulatory corporate practices to protect its shareholders’ interests and enhance long-term shareholders’ value.

This report describes the Company’s corporate governance practices for the financial year ended 31 December 2024 (“**FY2024**”), with specific reference to the provisions of the Code of Corporate Governance 2018 (the “**Code**”) and the rules (the “**Listing Rules**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Company has adhered to the principles, guidelines and provisions as set out in the Code and Listing Rules, as the case may be. Insofar as any principle, guideline and/or provision has not been complied with, appropriate explanations have been provided.

THE CODE

The Code is divided into five main sections:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholder Rights and Engagement
- (E) Managing Stakeholders Relationships

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The primary function of the Board is to protect shareholders’ interests and enhance long-term shareholders’ value and returns. All Directors, in the course of carrying out his duties as fiduciaries of the Company, exercises due diligence and independent judgment, acts in good faith and considers objectively at all times, the interests of the Group.

Provision
1.1

Directors hold the management of the Company (the “**Management**”) accountable for performance. The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The key roles of the Board are:

- to set and guide the corporate strategy and the directions of the Group, approve the broad policies, strategies and financial objectives of the Group;

Corporate Governance Report

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- to establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- to review and monitor the performance of the Management;
- to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- to set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- to consider sustainability issues such as environmental and social factors, as part of strategic formulation;
- to ensure effective management leadership of the highest quality and integrity;
- to approve annual budgets, major funding proposals, investment and divestment proposals; and
- to provide overall insight in the proper conduct of the Group's business.

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive, and independent directors).

Provision
1.2

When new Directors are appointed to the Board, they are provided with a formal letter setting out the Director's duties and responsibilities, and are required to undergo an orientation programme. The orientation programme for a new Director is intended to provide background information on the Group and industry-specific knowledge, and includes briefings by the Chief Executive Officer ("CEO") on the Group's investment strategies, growth initiatives, business policies and governance practices; arrangements for on-site visits to the various overseas places of operations are made to familiarise a new Director with the Group's operations. Where a new Director has no prior experience as a director of an issuer listed on the SGX-ST, he must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. If the NC is of the view that training is not required because the Director has other relevant experience, the basis of the NC's assessment is disclosed.

Listing
Rule
210(5)(a)

Continuous and ongoing training programmes are also encouraged and made available to the Directors and are funded by the Company including participation at courses, seminars and talks on Directors' duties and responsibilities and new or updates to laws, regulations and commercial risks which are relevant to the Group. To keep pace with regulatory changes, the Director's own initiatives are supplemented from time to time with information, updates and sponsored seminars conducted by external professionals, including any changes in legislation and financial reporting standards, government policies and regulations and guidelines from SGX-ST that affect the Group and/or the Directors in discharging their duties. The Directors are informed of developments relevant to the Group, including changes in laws, regulations and risks that may impact the Group.

To keep the Directors abreast of developments in the Group's industries as well as the Group's operations in China, site visits and interactions with the management team in the Group's subsidiaries in China are arranged accordingly. Directors are routinely

Corporate Governance Report

briefed via detailed presentations on the development and progress of the Group's key operations.

The Board decides on matters that require its approval and clearly communicates this to the Management in writing. Types of material transactions that require board approval include, among others:

Provision
1.3

- annual budgets of the Group;
- mergers and acquisitions;
- material acquisitions and disposals of assets;
- corporate or financial restructuring;
- major investments and divestments;
- issuance of new shares;
- proposal and declaration of dividends;
- major corporate policies on key areas of operations; and
- the release of the Group's half yearly and full-year result.

To assist the Board in the execution of its responsibilities, specialised committees of the Board, namely the Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**"), and the Remuneration Committee ("**RC**") have been established and delegated certain functions of the Board (collectively, the "**Board Committees**").

Provision
1.4

If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee, such delegation is disclosed. The ARC, NC and RC operate within clearly defined terms of reference and operating procedures, and these terms of reference and operating procedures are reviewed by the Board on a regular basis. Further details of the scope and functions of the ARC, NC and RC are provided in the relevant sections of this report.

Listing
Rule
210(5)(e)

Directors attend and actively participate in Board and Board Committee meetings. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

Provision
1.5

The schedules of all the Board and Board Committee meetings as well as the annual general meeting of the Company (the "**AGM**") for the next calendar year are planned in advance. The Board and Board Committees meet regularly and as warranted by circumstances as deemed appropriate by its members. The Board and the ARC conduct at least two (2) meetings a year. Where necessary, additional board meetings are held to review, discuss and address significant issues or transactions. The Company's Constitution allows a board meeting to be conducted by way of a telephone conference or by means of similar communication equipment, which facilitates the participation of Directors in Board and Board Committee meetings. The Board may also make decisions by passing board resolutions in writing. The independent directors of the Company ("**Independent Directors**") also meet on an as-needed basis without the presence of the Management to discuss matters such as the Group's financial performance, management leadership and management performance.

In FY2024, the Board held three meetings. The attendance of the Directors at meetings of the Board and Board Committees during FY2024 is as follows:

Corporate Governance Report

Directors' Attendance at Board and Board Committee Meetings								
Name of Director	Board Meeting		Audit and Risk Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Cheung Wai Suen	3	2	3	2 [^]	1	1 [^]	1	1 [^]
Ms Wang Heng	3	2	3	2 [^]	1	1	1	1 [^]
Mr Teh Wing Kwan ⁽¹⁾	3	2	3	2	1	0	1	0
Mr Tay Eng Kiat Jackson	3	3	3	3	1	1	1	1
Professor Zhang Weiguo	3	3	3	3	1	1	1	1
Mr Oh Eng Bin ⁽²⁾	3	1	3	1	1	1	1	1

[^] By invitation

Notes:

- (1) Mr Teh Wing Kwan was appointed as Lead Independent Non-Executive Director with effect from 25 July 2024.
- (2) Mr Oh Eng Bin retired as Lead Independent Non-Executive Director with effect from the conclusion of the AGM held on 30 April 2024.

The Directors are regularly provided with complete, adequate and timely information prior to meetings to enable them to fulfil their duties. The Management provides quarterly management accounts and other relevant information such as risk assessments, audit plans, annual budgets and explanation on material forecasts variances to the Board, as applicable. In addition, all other relevant information on material events and transactions are circulated by electronic mail to the Directors for review and approval. The senior Management may be invited to attend the Board and ARC meetings to answer queries and to provide insights into the Group's operations. Where appropriate, the senior Management will also arrange for external consultants engaged on specific projects or professional consultants to attend Board and Board Committee meetings to address the Board's queries. The Board may also request for the Management to take pro-active steps (such as requesting for the Management to engage external professionals and consultants) to provide the Board with additional information as required by the Directors to fulfil their duties properly.

Provision
1.6

The CEO also updates the Board at each meeting on strategic direction and development pertaining to the Group's investments. The Directors may also, at any time, visit the Group's operations and facilities to gain a better understanding of the Group's business. If any specific or local regulatory change has a material impact on the Group, the Management will brief the Directors at Board meetings.

The Board has unrestricted access to the Company's records and information. The Directors have separate and independent access to the senior Management. The Board is also entitled to request from the Management and is, upon request, provided with such additional information needed to make informed decisions. The Management provides such additional information to the Board in a timely manner.

Provision
1.7

The Directors, in furtherance of their duties, are allowed to separately seek and obtain legal and other independent professional advice, if necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as Directors.

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The Directors also have separate and independent access to the company secretary. Pursuant to Regulation 116 of the Company's Constitution, the appointment and removal of the company secretary is subject to the Board's approval.

The company secretary (or their representative) is responsible for administering, attending and preparing minutes for all Board and Board Committees meetings. The company secretary also assists the Chairman of the Board and the Board Committees in ensuring that proper procedures are followed and reviewed, thereby facilitating the effective functioning of the Board and the Board Committees. Additionally, the company secretary advises the Board on all governance matters and ensures adherence to Board procedures and compliance with applicable rules and regulations, particularly the Companies Act 1967 of Singapore and Listing Rules. Aside, the company secretary collaborates with the Management to ensure effective information flow among the Board, the Committees, and the senior Management.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this annual report, the Board comprises:

1. Mr Cheung Wai Suen (Executive Director and Chairman of the Board)
2. Ms Wang Heng (Executive Director and CEO)
3. Mr Teh Wing Kwan (Lead Independent Non-Executive Director)
4. Mr Tay Eng Kiat Jackson (Independent Non-Executive Director)
5. Professor Zhang Weiguo (Independent Non-Executive Director)

As at the date of this annual report, the Board comprises five (5) Directors, three (3) of whom were Independent Non-Executive Directors and two (2) were Directors of the Company who perform an executive function ("**Executive Directors**").

Provision
2.1

Pursuant to Provision 2.1 of the Code, the Board considers an Independent Director as one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company.

In determining Directors' independence, the Board further considers Listing Rule 210(5)(d).

Listing Rule
210(5)(d)(i),
Listing Rule
210(5)(d)(ii)
and Listing
Rule
210(5)(d)(iv)

Pursuant to Listing Rule 210(5)(d)(i) and Rule 210(5)(d)(ii), the Board considers that a Director is not independent under any of the following circumstances:

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- (i) if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years; and
- (ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is or was determined by the RC.

Pursuant to Listing Rule 210(5)(d)(iv), the Board considers that a director who has been a director of the Company for an aggregate period of more than nine (9) years (whether before or after listing) is not independent. However, such director may continue to be considered independent until the conclusion of the next AGM.

There is no Independent Director who has served on the Board for more than nine (9) years, and there are no alternate Directors on the Board.

While the Chairman is an Executive Director, in accordance with Provision 2.2 of the Code, Independent Directors comprised the majority of the Board in FY2024. This composition enabled the Board to exercise objective judgment on corporate affairs, independently and constructively challenging key decisions and strategies while considering the long-term interests of the Group and its shareholders.

Provision
2.2

In FY2024, the majority of the Board comprised of Non-Executive Directors, all of whom are Independent Directors. They play a vital role in contributing to the development of strategic proposals and overseeing their effective implementation by the Management to achieve the set objectives.

Provision
2.3

The NC is responsible for examining the size and composition of the Board and Board Committees.

Provision
2.4

Having considered the nature and scope of the Group's operations, the NC is of the view that the Board size of five (5) Directors in FY2024 and the sizes of the various Board Committees was an appropriate size for the nature and scope of the Group's operations and to ensure the effective conduct of the Group's affairs.

Board Diversity Policy

Listing
Rule 710A

The Company recognises and embraces the importance of diversity at the Board level and sees diversity as an essential element to ensuring the achievement of its strategic objectives. The Company has implemented a board diversity policy ("**Diversity Policy**") which sets out the principles and framework to promote and maintain diversity in the appointment and composition of its Board.

With reference to the Diversity Policy, the NC reviews and assesses the Board's composition on behalf of the Board and recommends the appointment of new directors.

The Board's policy in identifying director nominees prioritises maintaining an appropriate balance and mix of members with complementary skills, knowledge, experience, business networks and core competencies relevant to the Group. Additionally, the Board considers other aspects of diversity, such as gender and age, to prevent groupthink and foster constructive debate.

The Company recognises that a diverse Board enhances decision-making processes by leveraging a wide range of skills, industry and business experience, gender perspectives, and other distinguishing qualities of the members of the Board. As such,

Corporate Governance Report

the Board will continue to prioritise consideration the skill sets, experience, knowledge and gender diversity in any future Board appointments.

In particular, the NC believes that gender is an important aspect of diversity and had set a target to continue to maintain a minimum of 20% female representation on the Board within the next two (2) years, while bearing in mind that the Board's needs will change over time.

That said, the final decision on selection of directors will be based on merit, assessed against objective criteria, while giving due consideration to the benefits of diversity on the Board.

The Board and the NC believe that the Board and the Board Committees currently possess a good balance and diversity of Directors, with extensive expertise in operations, business, financial, accounting, law, human resources and management, complemented by gender diversity. Details of the Directors' academic and professional qualifications are set out in the section titled "Board of Directors and Key Executives" of this annual report. Notably, one (1) out of the five (5) Directors in the current Board is female.

Accordingly, the NC is confident that the current Board is able to contribute to the development of the Company's business strategy, and that the Diversity Policy has facilitated diversity within the Board.

Notwithstanding the foregoing, the NC remains committed to reviewing relevant objectives and targets for promoting and achieving diversity on the Board, assessing the progress made, and making recommendations for approval by the Board. The NC will continue to review the Diversity Policy, including its effectiveness, and propose any necessary amendments for the Board's consideration.

Additionally, the Board may, at any time, seek to improve one or more aspects of its diversity and measure the Company's progress made in achieving these measurable objectives accordingly.

The Board was also supported by the Board Committees. The composition of the Board Committees in FY2024 was as follows:

Board Composition and Committees

Board Member	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Mr Cheung Wai Suen	-	-	-
Ms Wang Heng	-	M	-
Mr Teh Wing Kwan ⁽¹⁾	C	M	M
Mr Tay Eng Kiat Jackson	M	C	M
Professor Zhang Weiguo	M	M	C
Mr Oh Eng Bin ⁽²⁾	M	C	M

C: Chairman

M: Member

Notes:

- (1) Mr Teh Wing Kwan was appointed as Lead Independent Non-Executive Director with effect from 25 July 2024.
- (2) Mr Oh Eng Bin retired as Lead Independent Non-Executive Director with effect from the conclusion of the AGM held on 30 April 2024.

Each of the ARC, NC and RC was chaired by Independent Directors, and the ARC and the RC comprised entirely of Independent Directors. Membership in the different

Corporate Governance Report

Board Committees was carefully managed to ensure that there was equitable distribution of responsibilities among the Board members. This is to maximise the effectiveness of the Board and to foster active participation and contribution from the Board Committee members. Diversity of experience, knowledge, competencies and appropriate skills of the composition of Board Committees are also considered.

The Independent Non-Executive Directors, led by the Lead Independent Non-Executive Director, met on a need-be basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Lead Independent Non-Executive Director provided feedback to the Executive Chairman after such meetings, as appropriate.

Provision
2.5

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and CEO are separate persons and are not immediate family members. This ensures an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provision
3.1

The Board is of the view that it is in the best interests of the Group to have Mr Cheung Wai Suen as the Chairman of the Board, taking into consideration his deep industry experience, which puts him in the best position to provide guidance and leadership to the Board on the strategic direction of Group.

All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the relevant Board Committees, before being recommended for the Board's approval.

The Board has established and set out in writing the division of responsibilities between the Chairman and the CEO.

Provision
3.2

The key responsibilities of the Chairman include the following:

- to lead the Board to ensure its effectiveness on all aspects of its role;
- to set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- to promote a culture of openness and debate at the Board;
- to ensure that the Directors receive complete, adequate and timely information;
- to ensure effective communication with shareholders;
- to encourage constructive relations within the Board and between the Board and the Management;
- to facilitate the effective contribution of Non-Executive Directors in particular; and
- to promote high standards of corporate governance.

Mr Teh Wing Kwan, as the Lead Independent Non-Executive Director, provides leadership in situations where the Chairman was conflicted. Mr Teh Wing Kwan is

Provision
3.3

Corporate Governance Report

available to shareholders should they have any concerns for which contact through the normal channels of the Chairman or the Management was inappropriate or inadequate.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

As at the date of this annual report, the NC, whose terms of reference are approved by the Board, comprises the following four (4) Directors, of which three (3) were Independent Directors: Provision 4.2

Mr Tay Eng Kiat Jackson	–	Chairman of NC, Independent Non-Executive Director
Mr Teh Wing Kwan	–	Lead Independent Non-Executive Director
Ms Wang Heng	–	CEO and Executive Director
Professor Zhang Weiguo	–	Independent Non-Executive Director

The NC meets at least once every financial year.

The NC is regulated by a set of written terms of reference which sets out its authority and its roles. The key roles of the NC are: Provision 4.1

- to identify candidates and review and make recommendations to the Board on all appointments and re-appointment having regard to the Director's contribution and performance (e.g. attendance, preparedness, participants and candour) of members of the Board;
- to review the Board succession plans for Directors, in particular, the Chairman, the CEO and key management personnel;
- to make recommendations on the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;
- to review the training and professional development programs for the Board;
- to evaluate and assess the effectiveness of the Board as a whole, and the contribution by each director to the effectiveness of the Board; and
- to determine the independence of directors in accordance with Provision 2.1 of the Code.

The NC has in place a selection and nomination process for the appointment of new Directors. For appointment of new Directors to the Board, the NC would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the diversity and mix of skills, knowledge and experience of the existing Board. The NC does so by first evaluating the existing strengths and capabilities of the Board, before it proceeds to assess the likely future needs of the Board, and assesses whether this need can be fulfilled by the appointment of one person and if not, then to consult the Board with respect to the appointment of two persons. The NC will then source for potential candidates and resumes for review, undertake background checks on the resumes received, narrow this list of resumes and finally to invite the shortlisted candidates to an interview. This interview may include a briefing of the duties required to ensure that there is no expectations gap, and to ensure that any new Director appointed has the ability and capacity to adequately carry out his duties as a Director of the Company, taking into consideration the number of listed company board Provision 4.3
Listing Rule 720(5)-(6)

Corporate Governance Report

representations he holds and other principal commitments he may have. The NC will take an open view in sourcing for candidates and will conduct external searches in sourcing for candidates, instead of solely relying on current Directors' recommendations or contacts, and is empowered to engage professional search firms. The NC will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

In determining whether to recommend a Director for reappointment, the NC considers the Director's contribution and performance (such as attendance, participation, preparedness and candour) to the Group and whether such Director has been adequately carrying out his or her duties as a Director, taking into consideration their number of board representations on listed companies and other principal commitments. The NC also takes into consideration the requirements under the Company's Constitution, the Code, independent-mindedness and any other factors as may be determined by the NC.

Notwithstanding the above, the replacement of a Director is not necessarily indicative of the Director's performance. Such changes may arise from the Board's or the Directors' assessment of the need to align the Board's composition with the evolving needs of the Group. In accordance with the Company's Constitution, one-third of the Directors are required to retire from office at each AGM. Each member of the NC shall abstain from voting on any resolutions in respect to his/her re-nomination as a Director.

Ms Wang Heng and Mr Tay Eng Kiat Jackson will be retiring by rotation at the forthcoming AGM pursuant to Regulation 89 of the Company's Constitution. Ms Wang Heng and Mr Tay Eng Kiat Jackson have consented to offer themselves for re-election at the forthcoming AGM.

All Directors of the Board have submitted themselves for re-nomination and re-election at least once every three years.

Mr Teh Wing Kwan was appointed to the Board with effect from 25 July 2024. Accordingly, he will hold office only until the forthcoming AGM and will be required to submit himself for re-election at the forthcoming AGM pursuant to Regulation 88 of the Company's Constitution. He has consented to offer himself for re-election at the forthcoming AGM.

Please refer to the section titled "Key Information on Directors to be Re-elected" of this annual report for the information on the Directors seeking re-election.

If Ms Wang Heng, Mr Tay Eng Kiat Jackson and Mr Teh Wing Kwan are re-elected at the forthcoming AGM, the Board will comprise five (5) Directors, including three (3) Independent Non-Executive Directors and 2 Executive Directors. The NC will continually assess the existing attributes, competencies and needs of the Board and will recommend the appointment of appropriate persons as Directors as may be suitable for the Board moving forward.

The NC is responsible for and reviews the independence of each Director annually. The NC adopts the Code and Listing Rules' definition of what constitutes an independence of a director in its review.

Provision
4.4

Each Independent Director is also required to complete a Director's independence declaration form annually to confirm his independence based on the guidelines as set out in the Code and the Listing Rules. The Company's Independent Directors, namely Mr Teh Wing Kwan, Mr Tay Eng Kiat Jackson and Professor Zhang Weiguo have each confirmed that they do not have any relationship with the Company or substantial shareholders, its related corporations or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

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The Independent Directors have further confirmed that each of them (i) is not or has not been employed by the Company or any of its related corporations for FY2024 or any of the past three financial years; and (ii) does not have immediate family members who are or have been employed by the Company or any of its related corporations for the past three financial years and whose remuneration is determined by the RC. The Independent Directors have also confirmed that each of them has not served on the Board for an aggregate period of more than nine (9) years.

The Board, with the recommendation and concurrence of the NC, has reviewed and determined that the said Directors are independent.

The NC ensures that new directors are aware of their duties and obligations, and makes recommendations to the Board on training and professional development programs for the Board, where necessary.

Provision
4.5

The table below shows the disclosure of directorships held over the preceding five (5) years in other listed companies as well as other principal commitments (excluding the Group) of each respective Director:

Director	Appointment	Date of Appointment	Date of last re-election	Listed Company directorships and other principal commitments		
				Company	Position	Listed on
Mr Cheung Wai Suen	Executive Director and Chairman	16 March 2016	30 April 2024	Ranken Railway Construction Group Co., Ltd	Director	–
				Chengdu Kai Qi Rui Business Management Co., Ltd	Director	–
				Chengdu Fulimeng Environmental Protection Big Data Co., Ltd	Director	–
Ms Wang Heng	Executive Director and Chief Executive Officer	16 March 2016	28 September 2022	Ranken Railway Construction Group Co., Ltd	Director	–
				Best Feast Limited	Director	–
				Ranken Holding Co., Limited	Director	–
				Chengdu Kai Qi Rui Business Management Co., Ltd	Director	–
Mr Teh Wing Kwan	Lead Independent Non-Executive Director	25 July 2024	N/A	Livingstone Health Holdings Limited	Director	SGX
				China Vanadium	Director	HKEX

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				Titano-Magnetite Mining Company Limited		
				Koda Ltd.	Advisor	SGX
				Singapore VTM Mining Pte. Ltd	Director	–
Mr Tay Eng Kiat Jackson	Independent Non-Executive Director	24 October 2019	31 July 2023	One Investment Heart Pte Ltd	Director	–
				Oue Healthcare Limited	Director	SGX
				Xquisit Pte Ltd	Director	–
Professor Zhang Weiguo	Independent Non-Executive Director	14 January 2022	31 July 2023	Grizzly Bear Institute Centre, Canada	Chief Researcher	–
				College of Transportation Management, Dalian Maritime University, China	Visiting Professor	–
				Tedbear Consulting Corporation, BC, Canada	Director	–
				Archiact Interactive Ltd., BC, Canada	Director	–
				Zhang Jiawei Research Fund for Niche Behavioral Economics Ltd	Director	–
				Niche Foundation Ltd	Director	–

Details of the Directors' academic and professional qualifications, date of first appointment and other relevant information are set out in the section titled "Board of Directors and Key Executives" of this annual report. The shareholdings of the individual directors of the Company are set out in the section titled "Directors' Report" of this annual report.

The Company's current policy stipulates that if a Director is an Executive Director or a key management personnel, he/she should not hold more than six (6) listed company board representations concurrently, as the Board is of the view that more than six (6) concurrent board representations will interfere with the Executive Director or key management personnel's ability to devote sufficient time and attention to the affairs of the Company. During FY2024, no Executive Director held more than six (6) board seats

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in other listed companies concurrently.

The NC takes into account the results of the assessment of the effectiveness of each individual Director and the respective Directors' actual conduct on the Board in making its assessment. The NC noted that based on the Directors' attendance at the Board and Board committee meetings during the financial year under review, all the Directors were able to participate in at least a substantial number of such meetings to carry out their duties. Although some of the Directors hold directorships and other commitments in other companies which are not in the Group, the Board, with the recommendation of the NC, is satisfied that all the Directors have been able to and have adequately and sufficiently devoted time and attention and diligently carried out their duties during the year.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC is tasked with the assessment of the Board's performance, and evaluates the Board's performance as a whole, each Board Committee, and the contribution by the Chairman and each individual Director, based on a formal Board evaluation process and performance objectives. The NC also recommends for the Board's approval the objective performance criteria and process for the abovementioned evaluation.

Provision
5.1

As part of the evaluation process, each individual Director was asked to assess the performance of the Board, Board Committees and his or her fellow Directors. The assessment parameters include amongst others, Board and Board Committee cohesion, robustness, sufficiency and quality of discussion and deliberation, regularity of meetings, performance against specific targets and Directors' independence. Key performance indicators used to assess individual Directors include chairmanship/membership of Board Committees, attendance record at the meetings of the Board and the relevant committees, intensity of participation at meetings, contributions to quality of discussions and any special contributions. The NC also considers the Company's financial performance as an assessment parameter for both the Board and the Management. That said, the NC is of the view that such financial criteria are more relevant for the Board's evaluation of the performance of the Management, as the Board's role is more in formulating, rather than executing, strategies and policies. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

Provision
5.2

The NC is of the view that the Board, the Board Committees and each individual Director's performances were satisfactory in FY2024. No external facilitator was used in the evaluation process.

(B) REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

As at the date of this annual report, the RC, whose terms of reference are approved by the Board, comprises the following 3 Independent Directors:

Provision
6.2

- | | | |
|-------------------------|---|--|
| Professor Zhang Weiguo | – | Chairman of RC, Independent Non-Executive Director |
| Mr Tay Eng Kiat Jackson | – | Independent Non-Executive Director |

Corporate Governance Report

Mr Teh Wing Kwan – Lead Independent Non-Executive Director

The RC is regulated by a set of written terms of reference. The RC's main functions are: Provision 6.1

- to review and recommend to the Board in consultation with the Management and Chairman of the Board, a framework of remuneration for the Board and key management personnel of the Group, and to determine the specific remuneration packages and the terms of employment for each of the directors as well as for key management personnel of the Group;
- to recommend to the Board in consultation with the Management and the Chairman of the Board, the Sapphire Shares Award Scheme or any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and
- to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

As part of its review, the RC shall ensure that: Provision 6.3

- all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, termination terms and benefits in-kinds should be covered; and
- the remuneration packages should be comparable within the industry practices and norms and shall include a performance related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and key executives' performances.

No Director is involved in deciding his own remuneration.

The RC will seek independent professional advice in discharging its functions, if necessary. No external remuneration consultants were engaged in FY2024. Provision 6.4

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In general, the Company adopts a remuneration policy for Executive Directors and key executives that comprises a fixed and a variable component. The fixed component is in the form of a base salary and the variable component is in the form of bonuses, which are linked to an individual's performance which is assessed based on particular performance criteria. Provision 7.1

The performance-related elements of remuneration are designed to align the interests of Directors and key executives with those of shareholders and link rewards to the Group's financial performance. The performance-related elements of remuneration promotes the long-term success of the Company. In addition to the financial performance of the Company, non-financial performance conditions such as quality of work and diligence were chosen because of the emphasis the Company places on achieving its vision and goals. The RC is of the opinion that the performance conditions set by the Company were met by its Executive Directors and key executives in FY2024. The Company will also consider the use of contractual provisions in the service

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contracts to enable the Company to reclaim incentive components of remuneration in exceptional circumstances.

The Executive Directors do not receive directors' fees. Service contracts for Executive Directors are for a fixed appointment period and are not excessively long or with onerous removal clauses. The RC considers what compensation the Directors' contracts of service would entail in the event of early termination and aims to be fair and avoid rewarding poor performance. The service contracts will be reviewed by the RC before expiry. Executive Directors' remuneration packages consist of salary, allowances and bonuses. There are no onerous compensation commitments on the part of the Company in the event of termination of services of the Executive Directors.

The fees of Independent Non-Executive Directors are linked and appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities of the Directors. Independent Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The Independent Non-Executive Directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Board Committees. The Board recommends payment of such fees to be approved by shareholders at the AGM.

Provision
7.2

The level of remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key executives to successfully manage the Company for the long term.

Provision
7.3

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The overall wage policy for executives and Directors is linked to the performance of the Group and the track record of the individual and the potential for contribution of that individual to the Group, and is determined by the Board and the RC, and include financial and non-financial indicators. Further, the fees for Independent Directors are based on a common base component plus additional fees for serving as a member or chairperson of any Board Committee or assisting the Company in any matter requested by the Board or the Management for the purpose of the corporate development of the Group, such as sourcing for and recommending contacts who may be of use, relevance or assistance to the Group. The Board will respond to any queries raised at AGMs pertaining to such policies. All incentives and bonuses paid are linked to individual performance of the individual and overall performance of the Group.

Provision
8.1

Listing
Rule
1207(10D)

Remuneration of Directors

The breakdown for the remuneration of the Directors for FY2024 received in all forms is as follows:

Name	Directors' Fees ⁽¹⁾	Salary	Variable/Performance Related Income or Bonus	Benefits in any kind	Stock Options Granted	Share-based Incentives and Awards	Long Term Incentives	Total
	S\$	%	%	%	%	%	%	S\$

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Ms Wang Heng	0	75	25	0	0	0	0	145,248
Mr Cheung Wai Suen	0	79	21	0	0	0	0	191,568
Mr Teh Wing Kwan ⁽³⁾	17,391	0	0	0	0	0	0	17,391
Mr Tay Eng Kiat Jackson	40,000	0	0	0	0	0	0	40,000
Professor Zhang Weiguo	40,000	0	0	0	0	0	0	40,000
Mr Oh Eng Bin ⁽²⁾	16,667	0	0	0	0	0	0	16,667

Notes:

- (1) The Directors' fees of S\$195,000 for FY2024 had been approved at the AGM held on 30 April 2024.
- (2) Mr. Oh Eng Bin retired as the Lead Independent Non-Executive Director with effect from the conclusion of the AGM held on 30 April 2024.
- (3) Mr Teh Wing Kwan was appointed as the Lead Independent Non-Executive Director with effect from 25 July 2024. He noted that while the annual director fees for the lead independent director was S\$75,000 for FY2023, he has voluntarily agreed to receive a reduced annual director's fee of S\$40,000 for FY2024 (which is to be pro-rated), having considered the financial performance of the Group during the year under review.

Remuneration of key management personnel

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2024 is as follows:

Name	Remuneration Band ⁽¹⁾	Salary	Variable	Other Benefits	Total
	S\$	%	%	%	%
Mr Foo Yong How	Below 250,000	84	16	0	100
Mr Kwok Chung Chieh Lincoln ⁽²⁾	Below 250,000	54	44	2	100
Mr Koh Yee Kiat Royston ⁽³⁾	Below 250,000	85	15	0	100

Notes:

- (1) The Code and the Listing Manual require the disclosure of the remuneration of at least the top five (5) key executives who are not Directors or the CEO to be disclosed in bands no wider than S\$250,000, and in the aggregate the total remuneration paid. In FY2024, the Company had three (3) key executives and the total remuneration paid to them is S\$415,000.
- (2) Mr Kwok Chung Chieh Lincoln resigned as Group Financial Controller with effect from 27 January 2024.

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- (3) Mr Koh Yee Kiat Royston was appointed as Group Financial Controller with effect from 26 December 2023.

Remuneration of employees who are immediate family members of Directors, the CEO or substantial shareholders

The following table shows a breakdown of the annual remuneration of employees of the Company who are immediate family members of Directors, the CEO or substantial shareholders whose remuneration exceeds S\$100,000 during the year.

Name	Remuneration Band (S\$) ⁽¹⁾
Ms Zhang Chi ⁽²⁾	Between 100,000 and 200,000

- (1) The Code requires the disclosure of the remuneration of employees who are immediate family members of Directors, the CEO or a substantial shareholder to be disclosed in bands no wider than S\$100,000. In FY2024, the Company had one (1) employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S\$100,000 during the year.

- (2) Ms Zhang Chi is the daughter of the Company's Executive Chairman, Mr Cheung Wai Suen.

The Remuneration Committee reviews and considers the remuneration of each Director and key management personnel of the Company as described in Provision 6.1 of this report and after due deliberation, the Remuneration Committee would make appropriate recommendations to the Board. No Director or key management personnel is involved in deciding his own remuneration.

Pursuant to Listing Rule 1207(10D), the names, amounts and breakdown of remuneration paid to each individual Director by the Company and its subsidiaries has been disclosed in this Corporate Governance Report.

Save as disclosed above, neither the Company nor its subsidiary companies have other employees who are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 for FY2024.

Provision
8.2

The RC administers the Sapphire Shares Award Scheme adopted by the Company in April 2018 (the **"2018 Scheme"**). The purpose of the 2018 Scheme is to provide an opportunity for people who are full-time employees of the Group (**"Group Employees"**), and Executive Directors, who have met their performance targets, to be remunerated not just through cash bonuses but also by an equity stake in the Company. The 2018 Scheme is also extended to Independent Directors (and Non-Executive Directors, if any) as a show of appreciation for their significant contributions to the growth of the Company, even though they are not employed by the Company.

Provision
8.3

The Company believes that the 2018 Scheme will give the Company more flexibility to effectively reward and motivate employees to work towards high standards of performance and efficiency.

Other information relating to the 2018 Scheme is set out below:

- (i) The aggregate number of ordinary shares in the share capital of the Company (**"Shares"**) available under the 2018 Scheme, when added to all Shares, options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (ii) The people eligible and selected by the RC to participate in the 2018 Scheme (**"Participants"**), and the number of Shares which are the subject of each contingent award of Shares under the 2018 Scheme (**"Award"**) to be granted

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to a Participant in accordance with the 2018 Scheme and the performance period shall be determined at the discretion of the Committee and recommended by the Committee to the Board for approval, which shall take into account,

- (a) the financial performance of the Group;
 - (b) in respect of a Participant being an Employee or Executive Director, criteria such as his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group;
 - (c) in respect of a Participant being a Non-Executive Director, criteria such as his extent of involvement, responsibilities within the Board, contribution to the success and development of the Group; and
 - (d) the extent of effort required to achieve the performance target(s) within the performance period.
- (iii) The Committee may recommend such grants of Awards to Participants for the approval of the Board, as the Committee may select in its absolute discretion, at any time during the period when the Scheme is in force.

Since the implementation of the 2018 Scheme, no Shares have been awarded to the Directors, controlling shareholders of the Company or associates of controlling shareholders of the Company, and no employee of the Group has received 5% or more of the total number of Shares available under the 2018 Scheme. During FY2024, no shares were awarded under the 2018 Scheme.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board with the oversight of the ARC is responsible for the Group's risk management framework and policies. The Group has in place an enterprise risk management framework to identify, evaluate and monitor the Group's material and significant risks. The Group's material and significant risks are proactively identified and addressed through the implementation of effective internal controls. The Company has also defined and documented clear roles and responsibilities for the Board and the Management in risk mitigation, monitoring and reporting.

Provision
9.1

Arising from the risk assessments performed, the Management prepares an enterprise risk management update at least annually. The enterprise risk management update presents the risk assessment of the Group by key managers of the Group and is based on an evaluation of the likelihood and magnitude of the eventuation of certain risks the Group faces. The risks are subsequently ranked in accordance of priority and category, and the Management's recommendations and responses of and steps taken to address these risks are presented to the ARC for review. The Board with the recommendation of the ARC has established risk tolerance levels to provide guidance to the Management on key risk parameters set out in the risks registers of the Group, which also contain information on internal controls and measures in place to manage and mitigate the identified risks.

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The external auditors obtained an understanding of internal control relevant to the audit when identifying and assessing the risks of material misstatement. In making those risk assessments, the external auditors considered internal control in order to design audit procedures that were appropriate in the circumstances. Any significant deficiencies identified in such internal controls are reported to the Directors and the ARC.

Action plans to manage the risks are continuously being monitored and refined by the Management and the ARC. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the Directors and the ARC. Performance targets are established to periodically assess and monitor the operational performance, ensuring that identified risks are adequately addressed through appropriate corrective measures. The Company's internal audit function provides an independent evaluation for the ARC by assessing the effectiveness and robustness of the Company's internal controls and risk management policies. By identifying areas of concern or new risks discovered during internal audit processes, the Board, the ARC and the Management are able to continually refine and strengthen the Company's internal controls and risk management framework.

The Board has received assurance from:

Provision
9.2

- (a) the CEO and the Group Financial Controller ("**GFC**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the framework established and the reviews conducted, the Board is of the opinion that, with the concurrence of the ARC, there was adequate and effective internal controls in place within the Group addressing financial, operational, compliance and information technology risks, and adequate and effective risk management systems.

Listing
Rule
1207(10)

The Group has identified certain key operational risks in relation to its investment in its Infrastructure Business and other general risks.

KEY OPERATIONAL RISKS

The Group's operations include the corporate functions and infrastructure business. The infrastructure business is carried out by the Company's subsidiary, Chengdu Kai Qi Rui Business Management Co., Ltd ("**Chengdu KQR**").

The Board is aware of the operational risks, which may adversely affect Chengdu KQR if any of these risk factors and uncertainties develops into actual events. It should also be noted that the following is not intended to be an exhaustive list of the risk factors to which the Group's infrastructure business is exposed. The risks below have been evaluated by the Management to be of relevance to shareholders, further to the examination of the periodic risk reports of the Company.

High reliance on the public sector demand and government incentives – Chengdu KQR's financial performance and position are heavily reliant on public sector demand and government initiatives in increasing infrastructure spending for the land transport infrastructure sectors, water conservancy and other city development projects particularly in China. Any slowdown, delay or reduction in such investment initiatives may adversely affect the financial performance and financial position of Chengdu KQR.

Competitive industry – Chengdu KQR operates in a highly competitive industry and

Corporate Governance Report

its current competitors include companies with significantly larger size of operations and substantially higher revenues base. Chengdu KQR and its associated company Ranken Railway Construction Group Co., Ltd (“**Ranken Railway**”) may not be able to secure projects on a continuous basis or to continuously secure such projects on favourable commercial terms, such that financial performance and position of the Group may be adversely affected.

Cost-sensitive industry – Chengdu KQR’s associated company Ranken Railway’s project durations are typically between two and three years. If for whatever reasons and business factors which are beyond the control of Ranken Railway, Ranken Railway’s direct and operating costs increase, its operating efficiencies may fall, and its profit margins may be adversely affected. In the event that there are cancellations of major contracts or significant variation of terms for the contracts, which are not favourable to Ranken Railway and require re-negotiations, the financial performance and position of Ranken Railway may be adversely affected.

High turnaround time for trade and other receivables and contract assets – Chengdu KQR’s associated company Ranken Railway’s trade and other receivables and contracts turnaround time is high which may require additional working capital financing from time to time. However, such turnaround time for trade receivables is normal for its industry in China. Thus, any delay in receipts of progress payment claims for its completed works will result in additional working capital investments for Ranken Railway and higher financing costs or if Ranken Railway fails to secure working capital financing at commercially acceptable rates and/or secure adequate working capital loans for its operations, its financial performance and financial position will be adversely affected.

High reliance on key personnel and qualified workers – Chengdu KQR and its associated company Ranken Railway’s business operations depend significantly on the experience and technical expertise of its management team and qualified workers to operate in the building estate management (“**BEM**”) and infrastructure industry. The loss of one or more of these persons or if these persons are not replaced, may adversely affect financial performance and position of the Group.

Additional working capital requirement –The Company will require additional working capital for the expansion of the Group’s two operating business units, one in the business of leasing of warehouse and equipment and supply of materials for urbanisation projects and the other in the business of BEM. Failure in securing banking facilities and/or its ability to secure such facilities at commercially acceptable costs of fund for its working capital requirement, will adversely affect the Group’s expansion plans for the Group’s two operating business units.

Chengdu KQR’s associated company Ranken Railway’s operations depend heavily on its ability to secure banking facilities and/or its ability to secure such facilities at commercially acceptable costs of fund for its working capital requirement. Failure in securing such facilities as needed, will adversely affect the Ranken Railway’s operations and thus the Group’s financial performance and position.

Major disruption of operations – Chengdu KQR and its associated company Ranken Railway’s operations are exposed to various operational risks relating, but not limited, to equipment failure, accidents, industrial disputes and natural disasters. While the Group has taken necessary and important measures to mitigate such operational risks, and, if practicable, insure against these risks, they cannot completely remove all such possible risks or in certain cases, insurance premium costs could be high in insuring the identified operational risks. Significant compensation claims, warranty claims, liquidated damages (relating to delays in projects completion, accident or unexpected incidents) will adversely affect the Group’s reputation and thus, its financial performance and position.

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Adverse weather condition – The physical impacts of climate change such as rising sea levels and extreme variability in weather patterns can pose risks such as to our facilities (including warehouse and equipment), supply chains and operations arising from floods, market demand fluctuations, adverse impacts on information technology infrastructure due to power and network outages. Severe and prolonged weather events may adversely affect the Group's business operations and financial performance. On the other hand, this raises awareness for us to conduct regular enterprise-wide risk assessments, establish alternative contingency arrangements and carry out inventory planning in the event of extreme weather patterns and weather disruptions.

Shifting consumer preferences for environmentally friendly solutions – The transition to a low-carbon future may lead to shifting customer preferences for greener solutions and/or more efficient technologies and lower emission technologies, which may in turn adversely affect our business costs and demand for the solutions sold to our customers. Conversely, this also presented an opportunity for the Group to review and assess its value chain to identify new solutions.

Regulatory risks – New policies and legislation in China may be introduced from time to time. It is possible that such policies and legislation will have a negative impact the industries where the Group operates or if the compliance costs are high, this may have an adverse impact on the Group's financial performance and position.

Currency risk – Foreign currency exchange effects could be volatile. The Group will be exposed to currency movements such as Chinese Renminbi/S\$ and HK\$/S\$. Any adverse movements in these currencies will affect the Group's financial performance. The Group will continue to monitor the foreign currency exchange exposure closely and may hedge the exposure by either entering into relevant foreign exchange forward contracts or relying on natural hedge or a combination of both, if necessary.

Exchange control – The conversion of Chinese Renminbi ("RMB") to other currencies and vice-visa are subject to exchange control administered by the Ministry of Commerce, the National Development and Reform Commission, the State Administration of Foreign Exchange and the People's Bank of China (collectively the "PRC Regulators"). Any tightening of exchange control by the PRC Regulators to enhance enforcement of outbound investment and foreign exchange controls focusing on RMB outflows, may affect or delay routine offshore business operations, including dividends remittance as the application process for RMB conversion may be subject to more stringent scrutiny. Our main and principal subsidiary, Chengdu KQR, operates primarily in China. Whilst such controls have not adversely affected the daily business operations of the Group for the time being, the Group may experience delay in its application for conversion of RMB, if any and if there are further changes in such regulatory processes or criteria, it may result in further delay in receiving approval in relation to its future remittance of RMB offshore.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit and Risk Committee which discharges its duties objectively.

As at the date of this annual report, the ARC comprises the following 3 Independent Non-Executive Directors:

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10.2

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|-------------------------|--|
| Mr Teh Wing Kwan | – Chairman of the ARC, Lead Independent Non-Executive Director |
| Mr Tay Eng Kiat Jackson | – Independent Non-Executive Director |
| Professor Zhang Weiguo | – Independent Non-Executive Director |

Corporate Governance Report

The Board considers that the members of the ARC are appropriately qualified to fulfil their responsibilities as the members bring with them invaluable managerial and professional expertise in the financial, business and industry domains. At least two members, including the ARC chairman, have recent and relevant accounting or related financial management expertise or experience.

The ARC has written terms of reference. The ARC met three (3) times in FY2024 to perform the following functions, as set out in its written terms of reference:

Provision
10.1

- to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- to review at least annually and report to the Board on the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management framework and policies;
- to review the assurance from the CEO and GFC on the financial records and financial statements;
- to make recommendations to the Board on proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- to review the co-operation given by the Group's officers to the external auditors;
- to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- to review and approve the quarterly and half-yearly announcement results (as the case may be) and annual financial statements before submission to Board of Directors; and
- to review interested parties transactions.

The ARC is kept abreast by the Management, the company secretary and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements. In addition, the members of the ARC may attend courses and seminars conducted by external professionals, including any changes in legislation and financial reporting standards, government policies and regulations and guidelines from the SGX-ST that may affect the Company and/or the Directors in discharging their duties.

In line with the requirements of the Listing Rules, the Board confirmed that, in relation to interim financial results, to the best of its knowledge, nothing had come to the attention of the Board which would render the Company's half-yearly results released in FY2024 to be false or misleading in any material respect.

The Company has put in place a whistle-blowing policy which has been reviewed, endorsed and approved by the ARC. Under the whistle-blowing policy, employees and external parties can in confidence, raise their concerns about improper conduct for investigation. The whistle-blowing policy sets out the procedures for a whistle-blower to make a report to the Company on misconduct or wrongdoing relating to the Company

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and its officers. Pursuant to such whistle-blowing procedures, the Company is committed to protecting the identity of whistle-blowers and protecting the whistle-blowers against detrimental or unfair treatment.

Salient features of the whistle-blowing policy have been disseminated to employees of the Group periodically. Whistle-blowers are given an option to anonymously report any misconducts to the ARC via a dedicated secured email address, which is accessible only by the ARC Chairman and/or a designated ARC member and/or the internal auditor, to ensure independent, thorough investigation and appropriate follow-up. All complaints are treated as confidential and brought to the attention of the ARC. In the event that the report is about a Director, that Director shall not be involved in the review and any decisions made with respect to that report.

Assessment, investigation and evaluation of complaints are conducted by or at the direction of the ARC and the ARC, if it deems appropriate, may engage independent advisors at the Company's expense. Following investigation and evaluation of a complaint, the ARC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the ARC to be appropriate shall then be brought to the Board for authorisation and to the appropriate senior Management for implementation.

The ARC is empowered for oversight and monitoring of whistle-blowing policy. Periodic reports, if applicable, will be submitted to the ARC, specifying the number and details of the complaints received, the results of the investigations, and follow-up actions required and any unresolved complaints. There were no incidents of concerns reported to the ARC through the whistle blowing procedures in FY2024.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL ISSUES

The role of the ARC in relation to financial reporting is to monitor the integrity of the quarterly or half-yearly (as the case may be) and full year financial statements and that of any formal announcements relating to the Group's financial performance. The ARC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

Following discussions with the Management and the external auditors, the ARC has determined that the following areas are the key risks of misstatement of the Group's financial statements. The table below indicates how these matters were discussed and addressed:

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Matters considered	Action
Carrying amount of Investment in associates - Ranken Railway Construction Group Co., Ltd ("Ranken Railway") and its subsidiaries ("Ranken Group") (refer to Note 3.2(d) and 12 to the financial statements)	The ARC reviewed (a) management adjustments to the financial results of Ranken Group; and (b) the methodology of revenue recognition for Ranken Group, through discussion with the Management and gain comfort in this area. The ARC also obtained an understanding on the work performed by the external auditors. As a result of the above procedures, the ARC was satisfied with the carrying value of the associated company recorded in the financial statements.
Adequacy of provision for liabilities and recoverability of other receivables due from third parties in connection with the disposal of Ranken Group in 2020 (refer to Note 3.2(e), 16 and 22(a) to the financial statements)	The ARC reviewed the methodology and gained comfort in this area through discussion with the Management in relation to the provision for contingent liabilities and recoverability of other receivables. The ARC also obtained an understanding on the work performed by the external auditors. As a result of the above procedures, the ARC was satisfied with the adequacy of expected credit loss (ECL) allowance on other receivables and related provisions as recorded in the financial statements.

NON-AUDIT FEES

The fees paid/payable to the external auditors, Forvis Mazars LLP and its network of member firms for FY2024 is S\$261,626.

Listing
Rule
1207(6)(a)

There were no non-audit fees paid to the external auditors of the Company or its network of member firms for FY2024.

The ARC has conducted an annual review of all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor before confirming their re-nomination, and is of the opinion that the independence of the external auditors was not affected by the provision of any non-audit services.

Listing
Rule
1207(6)(b)

None of the ARC members was a former partner or director of the Company's existing auditing firm or auditing corporation (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provision
10.3

The external and internal auditors have full access to the ARC and the ARC has full access to and cooperation by the Management and full discretion to invite any Director or the Management to attend its meetings. The ARC has the authority to investigate any matter within its terms of reference and has full access to reasonable resources to enable it to discharge its functions properly.

Provision
10.4

Listing
Rule
1207(6)(c)

The Company's external auditors are Forvis Mazars LLP, and the Company confirms that it has complied with Listing Rules 712, and 715 for the audit of FY2024. Forvis Mazars LLP was first appointed in an extraordinary general meeting held by the Company on 20 November 2024. The audit partner in charge of auditing the Company and its group of companies is Zhang Liang. The audit partner has not been in charge of more than 5 consecutive full financial year audits of the Company.

Listing
Rule 713

The ARC has appointed Yang Lee & Associates ("YLA") as the internal auditor of the Group to perform internal audit work under an approved internal audit plan on an ongoing basis. The partner-in-charge of YLA, Lee Dah Khang, is also a certified Internal Auditor of the Institute of Internal Auditors. The internal audit function is

Corporate Governance Report

therefore staffed with persons with the relevant qualifications and experience and is independent of the activities it audits.

The internal auditors report directly to the Chairman of the ARC. The ARC decides on the appointment, termination and remuneration of the internal auditor. The internal auditors submit a report on their findings to the ARC for review and approval yearly. The internal auditors have adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unfettered access to the ARC and access to the Company's documents, records, properties and personnel, where relevant to their work. To ensure the adequacy of the internal audit functions, the ARC has reviewed the internal auditors' qualifications, experience, activities, resources and standing in the Company, on a yearly basis. The ARC has reviewed the internal audit reports and based on the controls in place, is satisfied that the internal audit function of the Group is effective, adequately resourced, has appropriate standing within the company, and is independent of the activities it audits.

The ARC met with the external auditors and internal auditors, without the presence of the Management, at least once in FY2024. The ARC reviews the findings from the external auditors and internal auditors and the assistance given to them by the Management to ensure that full cooperation has been extended.

Provision
10.5

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company recognises the need to communicate with the shareholders on all material matters affecting the Group and does not practise selective disclosure. In line with the Group's disclosure obligations pursuant to the Listing Rules and the Companies Act, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive matter for all material developments that impact the Group through SGXNET and the Company's website.

Provision
11.1

Shareholders are entitled to attend the general meetings and are given the opportunity to participate effectively in and vote at the general meetings of the Company. The Company supports active shareholder participation at general meetings. At general meetings, shareholders are given the opportunity and encouraged to air their views and ask questions regarding the Group and its businesses. Shareholders are informed of the rules governing the general meetings. Shareholders are informed of general meetings through notices sent to all shareholders in addition to notices published via SGXNET and the Company's website.

The forthcoming AGM will be held at 135 Cecil Street, #07-01, Singapore 069536 on Tuesday, 29 April 2025 at 10.00 a.m..

The Company tables separate resolutions on each substantially separate issue unless the issues were interdependent and linked so as to form one significant proposal during each general meeting. Where the resolutions were "bundled", the Company explained the reasons and material implications in the notice of the meeting.

Provision
11.2

All Directors, in particular the Chairman of the Board, Lead Independent Non-Executive Director and the CEO will endeavour to attend the AGM and address shareholders'

Provision
11.3

Corporate Governance Report

questions. Where the Chairman of the Board Committees is not present, the Chairman of the Board and Lead Independent Non-Executive Director will be available to address shareholders' questions on their behalf.

The external auditors are also present to assist the Directors to address any queries raised by shareholders about the conduct of the audit and the preparation and content of the auditor's report. The Company has also complied with the provisions of the Listing Rules and has introduced poll voting at all general meetings. The voting results are validated by an independent scrutineer and announced on SGXNET and the Company's website on the same day as the general meeting.

The Directors' attendance at the general meetings of the Company held in FY2024 are set out in the table below:

Name of Director	Annual General Meeting		Extraordinary General Meeting	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Cheung Wai Suen	1	1	1	1
Ms Wang Heng	1	1	1	1
Mr Teh Wing Kwan ⁽¹⁾	1	0	1	1
Mr Tay Eng Kiat Jackson	1	1	1	1
Professor Zhang Weiguo	1	1	1	1
Mr Oh Eng Bin ⁽²⁾	1	1	1	0

Notes:

- (1) Mr. Teh Wing Kwan was appointed as the Lead Independent Non-Executive Director with effect from 25 July 2024.
- (2) Mr. Oh Eng Bin retired as the Lead Independent Non-Executive Director with effect from the conclusion of the AGM held on 30 April 2024.

If shareholders are unable to attend the general meetings, the Company's Constitution allows a shareholder of the Company who is not a relevant intermediary (as defined in the Companies Act) to appoint up to two proxies to speak, attend and vote in place of the shareholder. Further, a shareholder which is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies to speak, attend and vote at general meetings. The Company's Constitution contains the appropriate regulations to allow for absentia voting by mail, facsimile or email.

Provision
11.4

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management. During FY2024, the minutes of general meetings were published on SGXNET and the Company's website within one month after the general meetings.

Provision
11.5

The Group does not have a dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

Provision
11.6

Listing
Rule
704(24)

The Board does not recommend the payment of dividends for the financial year ended 31 December 2024. The Board has considered the Group's profit growth, cash position, cash flow generated from operations, projected capital requirements for business growth for the decision.

Corporate Governance Report

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company supports active shareholder participation at general meetings. At general meetings, shareholders are given the opportunity and encouraged to ask questions regarding the Group and its businesses. Provision 12.1

The Directors are mindful of their obligation to provide shareholders with timely disclosure of material information that is presented in a fair and objective manner. Shareholders and other investors are provided regularly with:

- (a) an annual report explaining the financial performance and position of the Group;
- (b) half-yearly financial results and other financial announcements as required;
- (c) other announcements on important developments; and
- (d) updates through the Company's website (www.sapphirecorp.com.sg).

On the Company's website, investors will find information about the Company's contact details as well as all publicly disclosed financial information, corporate announcements, annual reports and profiles of the Group.

As part of the company's investor relations policy to regularly convey pertinent information to shareholders, price-sensitive announcements, among others, financial statements, annual reports, circulars, notices of general meetings, press releases, major corporate and business developments and any other material announcements on a timely basis via SGXNET and on the Company's website (www.sapphirecorp.com.sg). Provision 12.2

Provision 12.3

A copy of this annual report and the notice of AGM for the forthcoming AGM will be accessible on SGXNET and the Company's website.

Shareholders and investors may also communicate with the Company and, as the case may be, submit any request for information, notices of interests or questions, via the Company's investor relations email address at ir@sapphirecorp.com.sg, through which Shareholders may contact the Company with questions and through which the Company may respond to such questions.

MANAGING STAKEHOLDERS RELATIONSHIP

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group understands the need for direct and frequent engagement with material stakeholder groups, which are relevant to the sustainable development of the Group. Provision 13.1

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The strategy and key areas of focus in relation to the management of stakeholder relationships are set out in the section titled "Stakeholder Communication" of the Sustainability Report, including in this annual report. Provision 13.2

Corporate Governance Report

The Company maintains a corporate website, www.sapphirecorp.com.sg, to communicate and engage with stakeholders. Provision 13.3

DEALINGS IN SECURITIES

In FY2024, the Company has in place a code of conduct governing securities transactions by its Directors and key officers.

Under the code of conduct, the Directors and key officers are prohibited from dealing in the Company's securities at least one (1) month before the announcement of the Company's half-year and full-year results until one (1) day after the release of the announcement.

At all times, the Directors and key officers are aware that it is an offence to deal in securities of the Company and other companies when they are in possession of unpublished price-sensitive information in relation to those securities and that the law on insider trading applies to them at all times, and they are aware that they should not be dealing in the Company's securities on short-term considerations.

The Directors and key officers are periodically reminded of all requirements of the code of conduct and all applicable laws via the regular circulation of internal memoranda.

INTERESTED PERSON TRANSACTIONS

The Company has in place a policy in respect of any transactions with interested persons and has established procedures for review and approval of the interested person transactions entered into by the Group. In FY2024, there were no interested person transactions (excluding transactions less than S\$100,000).

The information required pursuant to Listing Rules 907 and 1207(17) is set out below:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Rule 920 (excluding transactions less than S\$100,000)
None	Nil	Nil	Nil

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Listing Rule 920.

MATERIAL CONTRACTS

There were no material contracts of the Group involving the interests of the CEO, Directors, controlling shareholders of the Company which are either still subsisting at the end of FY2024 or if not then subsisting, entered into since the end of the financial year ended 31 December 2023.

Disclosure of Information on Directors Seeking Re-election

Sapphire Corporation Limited

Key Information on Directors to be Re-Elected

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
Date of appointment	16 March 2016	24 October 2019	25 July 2024
Date of last re-appointment	28 September 2022	31 July 2023	Not Applicable
Age	54	47	52
Country of principal residence	People's Republic of China	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board, having considered the recommendation and assessment of the NC, and having reviewed the qualifications, experience, contribution and performance of Ms Wang Heng, is of the view that she has the requisite experience and capabilities to assume the responsibilities as an Executive Director and Chief Executive Officer of the Company and will continue to contribute relevant knowledge, skills and experience to the Company. Accordingly, the Board has approved the re-appointment of Ms Wang Heng as the Executive Director of the Company.	The Board, having considered the recommendation of the NC, and having reviewed the recommendation of the Nominating Committee and the qualifications, experience, contribution and performance of Mr Tay Eng Kiat Jackson, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company. Accordingly, the Board of Directors has approved the re-appointment of Mr Tay Eng Kiat Jackson as an Independent Non-Executive Director of the Company.	The Board, having considered the recommendation and assessment of the NC, and having reviewed qualifications, experience, contribution and performance of Mr Teh Wing Kwan, is of the view that he has the requisite experience and capabilities to assume the responsibilities as Lead Independent Non-Executive Director of the Company and will continue to contribute relevant knowledge, skills and experience to the Company. Accordingly, the Board has approved the re-appointment of Mr Teh Wing Kwan as the Lead Independent Non-Executive Director of the Company.
Whether the appointment is executive and if so, please state the area of responsibility	The appointment is executive. Ms Wang Heng is responsible for overseeing the Company's operations, business development strategy and expansion into new markets.	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Executive Director, Chief Executive Officer and a member of the NC.	Independent Non-Executive Director, Chairman of the NC, a member of both the ARC and the RC.	Lead Independent Non-Executive Director, chairman of the ARC, and a member of both the NC and the RC
Professional memberships / qualifications	Bachelor of Engineering from Southwest Jiaotong University, with a major in Railway Engineering.	Bachelor of Accountancy (Minor in Marketing) degree from Nanyang Technological University	- Fellow of the Association of Chartered Certified Accountant (United Kingdom);

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
	Executive MBA from Tsinghua University	Member of the Institute of Singapore Chartered Accountants Member of the Singapore Institute of Directors	- Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants; - International Affiliate of the Hong Kong Institute of Certified Public Accountants; - Chartered Accountant of the Malaysian Institute of Accountants - Senior Accredited Director of the Singapore Institute of Directors - Fellow Member of the Hong Kong Securities and Investment Institute'
Working experience and occupation(s) during the past 10 years	6 May 2000 to present: Ranken Railway Construction Group Co., Ltd. – Co-Founder and Executive Director	January 2017 – Present: Independent Director of OUE Healthcare Limited September 2015 – September 2024: Chief Operating Officer of Hafary Holdings Limited February 2015 – September 2015: Chief Financial Officer of SingHaiyi Group Ltd	Mr Teh Wing Kwan is currently the non-independent and non-executive chairman of the China Vanadium Titano-Magnetite Mining Company Limited (listed on the HKEX) and Livingstone Health Holdings Limited (listed on the SGX-Catalist; formerly known as Citicode Ltd); and advisor of the Koda Ltd (listed on the SGX-ST). Mr Teh Wing Kwan is also a lead investor in a public company listed on the SGX-Catalist and other privately held assets. Mr Teh Wing Kwan was the executive chairman and controlling shareholder of Citicode Ltd (listed on the SGX-ST) from July 2018 to February 2021; the group CEO and managing director of the Company from October 2013 to December 2017. He also served as a non-executive director of several other public companies listed on the SGX-ST, SGX-Catalist, HKEX and ASX

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
Shareholding interest in the Company and its subsidiaries	Direct interest: 625,000 shares of the Company Deemed interest: 171,495,264 shares of the Company held by Best Feast Limited, a wholly-owned subsidiary of Cheng Du Wu Xing Ke Trading Limited by virtue of Section 7 of the Companies Act 1967	Nil	Deemed interest: 220,004 shares of the Company held through CGS International Securities Singapore Pte. Ltd.
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
Other Principal Commitments Including Directorships	<u>Present</u> - Ranken Railway Construction Group Co., Ltd - Chengdu Kai Qi Rui Business Management Co., Ltd - Best Feast Limited - Ranken Holding Co., Limited - Chengdu Wu Xing Ke Trading Limited <u>Past (for the past 5 years)</u>	<u>Present</u> - One Heart Investment Pte Ltd - OUE Healthcare Limited - Xquisit Pte Ltd <u>Past (for the past 5 years)</u>	<u>Present</u> - Livingstone Health Holdings Limited (f.k.a. Citicore Ltd.) (SGX-ST) - China Vanadium Titano-Magnetite Mining Company Limited (HKEX) - Koda Ltd (Advisor) (SGX-ST) - Citicrete Corporation Pte. Ltd. (f.k.a. Crete+ Corporation Pte Ltd) - Singapore VTM Mining Pte. Ltd. - BMI Capital Partners Pte. Ltd.

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
	- China Chemical Tianfu Limited	- Hafary Balestier Showroom Pte. Ltd. - Hafary Centre Pte. Ltd. - Hafary Crescent Pte. Ltd. - Hafary Element Pte. Ltd. - Hafary Flagship Store Pte. Ltd. - Hafary Pte Ltd - Hafary W+S Pte. Ltd. - Wood Culture Pte. Ltd. - International Ceramic Manufacturing Hub Pte. Ltd. - International Ceramic Manufacturing Hub Sdn Bhd - Hafary Trading Sdn Bhd - Hap Seng Investment Holdings Pte. Ltd. - HSC Brisbane Holding Pte. Ltd. - HSC Bristol Holding Pte. Ltd. - HSC Leeds Holding Pte. Ltd. - HSC London Holding Pte. Ltd. - HSC Manchester Holding Pte. Ltd. - HSC Melbourne Holding Pte. Ltd. - HSC Nottingham Holding Pte. Ltd.	- Citicrete Sdn. Bhd. <u>Past (for the past 5 years)</u> - Citicore Corporation Pte Ltd - Citicore-SNAP AI Pte Ltd - CM Capital Resources Pte. Ltd. - Crete+ Pte Ltd - Raffles House Sdn Bhd - SNAP AI Sdn Bhd - BMI Capital Partners Limited - Dominick & Dickerman International Company Limited
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
was a partner or at any time within 2 years from the date he ceased to be a partner?			
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
business trust, on the ground of insolvency?			
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?			
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?			
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
management of any entity or business trust?			
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
governing corporations in Singapore or elsewhere; or			
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority,	No	No	No

Disclosure of Information on Directors Seeking Re-election

Details	Name of Director		
	Wang Heng	Tay Eng Kiat Jackson	Teh Wing Kwan
exchange, professional body or government agency, whether in Singapore or elsewhere?			

Directors' Statement for the financial year ended 31 December 2024

The directors present their statement to the members together with the audited consolidated financial statements of Sapphire Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024 and statement of changes in equity of the Company for the financial year ended 31 December 2024.

1. Opinion of directors

In the opinion of the directors,

- (a) the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Executive Chairman

Cheung Wai Suen

Chief Executive Officer and Executive Director

Wang Heng

Lead Independent Non-Executive Director

Teh Wing Kwan

(Appointed on 25 July 2024)

Independent Non-Executive Directors

Tay Eng Kiat Jackson

Zhang Weiguo

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

	Direct interest		Deemed interest	
	As at 1 January 2024	As at 31 December 2024	As at 1 January 2024	As at 31 December 2024
<u>The Company</u>				
<u>No. of ordinary shares</u>				
Wang Heng	625,000	625,000	171,495,264	171,495,264
Teh Wing Kwan	-	-	-	220,004

Directors' Statement for the financial year ended 31 December 2024

4. Directors' interests in shares and debentures (Continued)

By virtue of Section 7 of the Act, Wang Heng is deemed to have an interest in all wholly owned subsidiaries of the Company.

The directors' interests in the shares and options of the Company on 21 January 2025 were the same as at 31 December 2024.

5. Sapphire Shares Award Scheme 2018

The Sapphire Shares Award Scheme (the "2018 Scheme") of the Company was approved and adopted by the members at the annual general meeting ("AGM") held on 26 April 2018. The 2018 Scheme is administered by the Company's Remuneration Committee ("RC"), which, at the date of this statement, comprises the following three independent directors:

Zhang Weiguo (Chairman)
Teh Wing Kwan
Tay Eng Kiat Jackson

The purpose of the 2018 Scheme is to provide an opportunity for any person who is a full-time employee of the Group (the "Group Employees"), and a director of the Company who performs an executive function (the "Executive Directors"), who have met their performance targets, to be remunerated not just through cash bonuses but also by an equity stake in the Company. The 2018 Scheme is also extended to non-executive directors of the Company (the "Non-Executive Directors") (including independent directors), as a show of appreciation for their significant contributions to the growth of the Company, even though they are not employed by the Company.

The Company believes that the 2018 Scheme will give the Company more flexibility to effectively reward and motivate employees to work towards high standards of performance and efficiency.

Other information relating to the 2018 Scheme is set out below:

- (i) The aggregate number of ordinary shares in the share capital of the Company (the "Shares") available under the 2018 Scheme, when added to all Shares, options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (ii) The people eligible and selected by the RC to participate in the 2018 Scheme (the "Participant(s)"), and the number of Shares which are the subject of each contingent award of Shares under the 2018 Scheme (the "Award") to be granted to the Participant in accordance with the 2018 Scheme and the performance period shall be determined at the discretion of the RC and recommended by the RC to the board of directors (the "Board") for approval, which shall take into account,
 - (a) the financial performance of the Group;
 - (b) in respect of the Participant being the Group Employee or the Executive Director, criteria such as his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group;
 - (c) in respect of the Participant being the Non-Executive Director, criteria such as his extent of involvement, responsibilities within the Board, contribution to the success and development of the Group; and
 - (d) the extent of effort required to achieve the performance target(s) within the performance period.

Directors' Statement for the financial year ended 31 December 2024

5. Sapphire Shares Award Scheme 2018 (Continued)

- (iii) The RC may recommend such grants of Award to the Participants for the approval of the Board, as the RC may select in its absolute discretion, at any time during the period when the Scheme is in force.

During the financial year and since the adoption of the 2018 Scheme, no Shares were awarded under the 2018 Scheme.

Since the commencement of the 2018 Scheme, no shares have been granted to the controlling shareholders of the Company or their associates and no participant under the 2018 Scheme has received 5% or more of the total share awards available under the 2018 Scheme.

6. Audit and risk committee ("ARC")

The ARC of the Company, at the date of this statement, comprises the following three non-executive directors:

Teh Wing Kwan (Chairman)
Tay Eng Kiat Jackson
Zhang Weiguo

The ARC has convened two meetings during the year with key management and the internal and external auditors of the Company.

The ARC carried out its functions in accordance with Section 201B (5) of the Act, the Listing Manual (the "Listing Manual") of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance 2018. In performing those functions, the ARC:

- (i) reviewed the audit plan and results of the external audits, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
- (ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
- (iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board;
- (iv) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
- (v) reviewed and assessed the adequacy of the Group's risk management processes;
- (vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (vii) reviewed interested person transactions in accordance with the Listing Manual;
- (viii) reviewed the nomination of external auditors and gave approval of their compensation; and
- (ix) submitted report of actions and minutes of the ARC to the board of directors with any recommendations as the ARC deemed appropriate.

The ARC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the ARC.

The ARC has recommended to the directors the nomination of Forvis Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

Directors' Statement for the financial year ended 31 December 2024

7. Auditors

The auditors, Forvis Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Wang Heng
Director

Singapore
14 April 2025

Cheung Wai Suen
Director

Independent Auditor's Report for the financial year ended 31 December 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sapphire Corporation Limited (the “Company”) and its subsidiaries (the “Group”) which comprise the statements of financial position of the Group and of the Company as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report for the financial year ended 31 December 2024

Report on the Audit of Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1	Our audit response
Carrying amount of Investment in associates - Ranken Railway Construction Group Co., Ltd ("Ranken Railway") and its subsidiaries ("Ranken Group") (refer to Note 3.2(d) and 12 to the financial statements) As of 31 December 2024, the Group's investment in Ranken Group amounted to approximately RMB 458.6 million, representing 64% of the Group's total assets. For the financial year ended December 31, 2024, the Group recognised its share of Ranken Group's profit and other comprehensive income, totalling RMB 10.8 million. In applying the equity method on the Group's interest in Ranken Group for the financial year ended 31 December 2024, Management has made certain adjustments as disclosed in Note 3.2 (d). These include impairment losses on trade and other receivables, and the Group's share of profit from public-private partnership ("PPP") projects to the financial results of Ranken Group to align the accounting policies of Ranken Group with those of the Group. The application of these adjustments involves significant judgments and estimates and is hence considered a key audit matter.	Our audit procedures included, and were not limited to the following: • Obtained an understanding of the Group management's process of accounting for the investment in Ranken Group; • Tested the appropriateness of the Management's application of the group adjustments including: - Evaluated the reasonableness of the key assumptions used by the Management in their expected credit loss(ECL)model for trade and other receivables ; and - Tested the measurement of construction revenue and service concession receivables on a sample basis and reviewed the construction progress for these selected long-term contracts; and • Reviewed appropriateness and sufficiency of disclosure in the financial statements.

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Independent Auditor's Report for the financial year ended 31 December 2024

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter 2	Our audit response
Adequacy of provision for liabilities and recoverability of other receivables due from third parties in connection with the disposal of Ranken Group in 2020 (refer to Note 3.2(e), 16 and 22(a) to the financial statements) As of 31 December 2024, the Group recognised a provision of RMB 9.5 million (2023: RMB 8.2 million) for liabilities. This provision relates to a guarantee provided by the Group to a third-party buyer in connection with the disposal of Ranken Group in 2020, for the receivables due from third parties which remained outstanding for more than five years as at 31 December 2024 as disclosed in Note 22(a). As of 31 December 2024, other receivables due from third parties with net carrying amount of approximately RMB 20.6 million (2023: RMB 20.6 million) pertains to the overdue guaranteed receivables assigned by Ranken Group to the Group's subsidiary as disclosed in Note 16. Management estimates the provision for liability by identifying credit-impaired receivables and applying the ECL model to determine the amount of provision required. For other receivables due from third parties, Management applied the general approach to measure the ECL. For the financial year ended, an additional provision of approximately RMB1.3 million (2023: RMB 1.5 million) was made. For other receivables, no additional ECL (2023: RMB 5.5 million) was required following Management's assessment. As the ultimate outcome of the matters are uncertain and the estimates made by management are subjected to significant judgement and estimation uncertainty, it is considered as a key audit matter.	Our audit procedures included, and were not limited to the following: • Obtained an understanding of Management's estimation process for determining the provision recognised and the loss allowance on the other receivables; • Reviewed the appropriateness of the ECL model applied by the Management, including the assumptions used in the model and tested the data inputs such as the probability of defaults and loss given defaults in determining the adequacy of provision provided and the recoverability of other receivables; and • Reviewed appropriateness and sufficiency of disclosure in the financial statements.

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Independent Auditor's Report for the financial year ended 31 December 2024

Report on the Audit of the Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report for the financial year ended 31 December 2024

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibility for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 15 April 2024.

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Independent Auditor's Report for the financial year ended 31 December 2024

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Zhang Liang.

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
14 April 2025

Sapphire Corporation Limited | Annual Report 2024
**Consolidated Statement of Profit or Loss and
Other Comprehensive Income**
for the financial year ended 31 December 2024

	<u>Note</u>	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Revenue	4	432,629	69,257
Cost of sales		<u>(422,872)</u>	<u>(61,670)</u>
Gross profit		9,757	7,587
Other income	5	5,250	4,334
Administrative expenses		(18,054)	(19,046)
Impairment losses on trade and other receivables	16	(68)	(6,885)
Provision for contingent liabilities	22	(1,291)	(1,526)
Provision for guarantee	22	(552)	(1,469)
Other expenses		<u>(1,123)</u>	<u>(2,060)</u>
Loss from operating activities		(6,081)	(19,065)
Finance costs	6	(2,982)	(2,028)
Share of profits from equity-accounted associates, net of tax	12	<u>11,597</u>	<u>31,683</u>
Profit before tax	7	2,534	10,590
Tax (expense)/credit	8	<u>(1,015)</u>	<u>1,352</u>
Profit for the year		<u>1,519</u>	<u>11,942</u>
<u>Other comprehensive income</u>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences arising from foreign operations		32	(3,384)
Share of other comprehensive loss of associates		<u>(761)</u>	<u>(1,066)</u>
Other comprehensive loss for the year		<u>(729)</u>	<u>(4,450)</u>
Total comprehensive income for the year		<u>790</u>	<u>7,492</u>
<u>Profit for the year attributable to:</u>			
Owners of the Company	9	1,376	11,480
Non-controlling interests		<u>143</u>	<u>462</u>
		<u>1,519</u>	<u>11,942</u>
<u>Total comprehensive income for the year attributable to:</u>			
Owners of the Company		647	7,030
Non-controlling interests		<u>143</u>	<u>462</u>
		<u>790</u>	<u>7,492</u>
<u>Earnings per share</u>			
Basic/diluted (RMB cents)	9	<u>0.34</u>	<u>2.82</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Financial Position

as at 31 December 2024

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	82,563	68,089	553	358
Intangible assets		448	535	-	-
Investment in subsidiaries	11	-	-	369,327	370,519
Investment in associates	12	458,909	448,444	-	-
Total non-current assets		541,920	517,068	369,880	370,877
Current assets					
Other investments	13	957	925	957	925
Inventories	14	590	15	-	-
Trade receivables	15	53,162	45,194	-	-
Other receivables	16	63,691	72,751	452	427
Cash and cash equivalents	17	61,802	87,389	242	173
Total current assets		180,202	206,274	1,651	1,525
Total assets		722,122	723,342	371,531	372,402
EQUITY AND LIABILITIES					
Equity					
Share capital	18	350,874	350,874	350,874	350,874
Reserves	19	228,380	227,733	107	5,233
Equity attributable to owners of the Company		579,254	578,607	350,981	356,107
Non-controlling interests		11,982	11,541	-	-
Total equity		591,236	590,148	350,981	356,107
Non-current liabilities					
Other payables	21	-	-	17,382	12,090
Provisions	22	12,627	10,784	-	-
Lease liabilities	23	34,354	27,557	363	164
Total non-current liabilities		46,981	38,341	17,745	12,254
Current liabilities					
Trade payables	20	34,347	37,327	-	-
Other payables	21	44,008	55,627	2,632	3,860
Lease liabilities	23	5,550	1,899	173	181
Total current liabilities		83,905	94,853	2,805	4,041
Total liabilities		130,886	133,194	20,550	16,295
Total equity and liabilities		722,122	723,342	371,531	372,402

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2024

	<u>Note</u>	<u>Share capital</u> RMB'000	<u>Capital reserve</u> RMB'000	<u>Fair value reserve</u> RMB'000	<u>Other reserves</u> RMB'000	<u>Translation reserve</u> RMB'000	<u>Accumulated profits</u> RMB'000	<u>Total attributable to owners of the Company</u> RMB'000	<u>Non-controlling interests</u> RMB'000	<u>Total equity</u> RMB'000
Group										
As at 1 January 2024		350,874	(7,585)	(14,205)	(8,968)	1,673	256,818	578,607	11,541	590,148
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	1,376	1,376	143	1,519
Other comprehensive loss										
Foreign currency translation differences		-	-	-	-	32	-	32	-	32
Share of other comprehensive loss of associates	12	-	-	-	-	(761)	-	(761)	-	(761)
Total other comprehensive loss		-	-	-	-	(729)	-	(729)	-	(729)
Total comprehensive (loss)/income for the year		-	-	-	-	(729)	1,376	647	143	790
Transactions with owners, recognised directly in equity										
Non-controlling interests arising from incorporation of a new subsidiary		-	-	-	-	-	-	-	298	298
As at 31 December 2024		350,874	(7,585)	(14,205)	(8,968)	944	258,194	579,254	11,982	591,236

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2024

	<u>Note</u>	<u>Share capital</u> RMB'000	<u>Capital reserve</u> RMB'000	<u>Fair value reserve</u> RMB'000	<u>Other reserves</u> RMB'000	<u>Translation reserve</u> RMB'000	<u>Accumulated profits</u> RMB'000	<u>Total attributable to owners of the Company</u> RMB'000	<u>Non-controlling interests</u> RMB'000	<u>Total equity</u> RMB'000
Group										
As at 1 January 2023, as restated		466,700	(7,585)	(14,205)	(8,968)	6,123	222,767	664,832	11,079	675,911
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	11,480	11,480	462	11,942
Other comprehensive loss										
Foreign currency translation differences		-	-	-	-	(3,384)	-	(3,384)	-	(3,384)
Share of other comprehensive loss of associated company	12	-	-	-	-	(1,066)	-	(1,066)	-	(1,066)
Total other comprehensive loss		-	-	-	-	(4,450)	-	(4,450)	-	(4,450)
Total comprehensive (loss)/income for the year		-	-	-	-	(4,450)	11,480	7,030	462	7,492
Transactions with owners, recognised directly in equity										
Cash distribution		-	-	-	-	-	(93,255)	(93,255)	-	(93,255)
Capital reduction	18	(115,826)	-	-	-	-	115,826	-	-	-
		(115,826)	-	-	-	-	22,571	(93,255)	-	(93,255)
As at 31 December 2023		350,874	(7,585)	(14,205)	(8,968)	1,673	256,818	578,607	11,541	590,148

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity for the financial year ended 31 December 2024

	<u>Share capital</u> RMB'000	<u>Capital reserve</u> RMB'000	<u>Fair value reserve</u> RMB'000	<u>Other reserves</u> RMB'000	<u>Translation reserve</u> RMB'000	<u>Accumulated losses</u> RMB'000	<u>Total equity</u> RMB'000
<u>Company</u>							
As at 1 January 2023	466,700	(8,294)	(14,205)	(8,968)	30,961	(24,087)	442,107
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(3,735)	(3,735)
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	10,990	-	10,990
Total comprehensive income/(loss) for the year	-	-	-	-	10,990	(3,735)	7,255
Transactions with owners, recognised directly in equity							
Cash distribution	-	-	-	-	-	(93,255)	(93,255)
Capital reduction	(115,826)	-	-	-	-	115,826	-
	(115,826)	-	-	-	-	22,571	(93,255)
As at 31 December 2023	350,874	(8,294)	(14,205)	(8,968)	41,951	(5,251)	356,107
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(3,996)	(3,996)
Other comprehensive loss							
Foreign currency translation differences	-	-	-	-	(1,130)	-	(1,130)
Total comprehensive loss for the year	-	-	-	-	(1,130)	(3,996)	(5,126)
As at 31 December 2024	350,874	(8,294)	(14,205)	(8,968)	40,821	(9,247)	350,981

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

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Consolidated Statement of Cash Flows

for the financial year ended 31 December 2024

	<u>Note</u>	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Operating activities			
Profit before tax		2,534	10,590
<i>Adjustments for:</i>			
Change in fair value of financial asset mandatorily at fair value through profit or loss	7	(32)	760
Amortisation of intangible assets	7	88	48
Loss on disposal of property, plant and equipment	7,10	164	-
Depreciation of property, plant and equipment	7,10	10,600	6,791
Interest income	5	(1,514)	(4,138)
Interest expense	6	2,982	2,028
Share of profits from associates, net of tax	12	(11,597)	(31,683)
Provision for contingent liabilities recognised	22	1,291	1,526
Provision for guarantee recognised	22	552	1,469
Impairment losses on trade and other receivables	15,26	68	6,885
Operating cash flows before movements in working capital		5,136	(5,724)
<i>Changes in working capital</i>			
Inventories		(575)	(15)
Trade and other payables		(11,279)	(7,672)
Trade and other receivables		1,675	(5,634)
Contract assets		-	10,782
Cash used in operations		(5,043)	(8,263)
Income tax paid		(924)	(330)
Net cash used in operating activities		(5,967)	(8,593)
Investing activities			
Acquisition of property, plant and equipment and intangible assets	Note A	(10,076)	(11,402)
Investment in an associate	12	(280)	-
Interest received		1,514	4,138
Loan to an associated company	16	-	(10,000)
Repayment of loan from a third party		-	3,000
Transfer from Escrow Accounts	Note B	-	91,698
Net cash flows (used in)/generated from investing activities		(8,842)	77,434
Financing activities			
Cash distribution to shareholders of the Company	Note C	-	(93,255)
Payment to shareholders	Note D	(1,070)	-
Interest paid	Note D	(2,850)	(980)
(Repayment)/Loan from a related party	Note D	(1,968)	6,800
Payment of lease liabilities	Note D	(4,890)	(1,553)
Net cash flows used in financing activities		(10,778)	(88,988)
Net decrease in cash and cash equivalents		(25,587)	(20,147)
Cash and cash equivalents at beginning of financial year		87,389	107,530
Effect of exchange rate fluctuations on cash held		-*	6
Cash and cash equivalents at end of financial year	17	61,802	87,389

* Less than RMB1,000

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Sapphire Corporation Limited I Annual Report 2024

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2024

Note A:

Acquisition of property, plant and equipment and intangible assets as reflected in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Group		
Property, plant and equipment additions include Right-of-use ("ROU") (Note 10)	25,242	15,192
ROU (Note 10)	(15,166)	(4,269)
Intangible assets additions	<u>-</u>	<u>479</u>
Acquisition of property, plant and equipment and intangible assets	<u>10,076</u>	<u>11,402</u>

Note B:

As disclosed in the circular dated 9 October 2020, for the Company to not be deemed as a cash company under Rule 1018 of the Listing Manual, the Company had 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 at 31 December 2022, the remaining 35.7% of the Net Proceeds amounting to RMB91,698,000, being the Tranche 2 Escrowed Sum, had not been included in "cash and cash equivalents" in the consolidated statement of cash flow as the amount was subjected 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.

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

Note C:

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

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

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Consolidated Statement of Cash Flows

for the financial year ended 31 December 2024

Note D:

Reconciliation of liabilities arising from financing activities

	<----Financing cash flows---->			<-----Non-cash movements----->				
	At beginning of financial year RMB'000	Interest paid RMB'000	Repayment made, net RMB'000	New leases RMB'000	Interest expense RMB'000	Unpaid lease payments recorded as other payables RMB'000	Others RMB'000	At end of financial year RMB'000
2024								
Liabilities								
Lease liabilities	29,456	(2,099)	(4,890)	15,166	2,099	-	172	39,904
Amount owing to shareholders	9,381	-	(1,070)	-	-	-	-	8,311
Loan from a related company	6,968	(117)	(1,968)	-	249	-	-	5,132
Accrued factoring interest expense	-	(634)	-	-	634	-	-	-
	<u>45,805</u>	<u>(2,850)</u>	<u>(7,928)</u>	<u>15,166</u>	<u>2,982</u>	<u>-</u>	<u>172</u>	<u>53,347</u>
2023								
Liabilities								
Lease liabilities	28,095	(504)	(1,553)	4,269	1,384	(1,350)	(885)	29,456
Amount owing to shareholders	9,469	-	-	-	-	-	(88)	9,381
Loan from a related company	-	(70)	6,800	-	238	-	-	6,968
Accrued factoring interest expense	-	(406)	-	-	406	-	-	-
	<u>37,564</u>	<u>(980)</u>	<u>5,247</u>	<u>4,269</u>	<u>2,028</u>	<u>(1,350)</u>	<u>(973)</u>	<u>45,805</u>

Notes to the Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Sapphire Corporation Limited (the “Company”) (Registration No. 198502465W) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The registered office is located at 1 Robinson Road, #17-00, AIA Tower, Singapore 048542.

The principal place of business in Singapore and in the People’s Republic of China (“PRC”) are located at 3 Shenton Way, Shenton House #25-05, Singapore 068805 and Level 9, No. 189 Wuxue Second Road, Chengdu Ranken Building, Wuhou District, Chengdu, Sichuan Province, PRC, respectively.

The principal activities of the Company are those of investment management, provision of management services and holding company. The principal activities of the subsidiaries and the associates are set out in Notes 11 and 12, respectively.

The financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2024 were authorised for issue by the Board of Directors at the date of the Directors’ Statement.

2. Summary of material accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company have been prepared in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including the related interpretations of SFRS(I)s (“SFRS(I) INTs”) and are prepared on a historical cost basis except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the Company are presented in Chinese Renminbi (“RMB”). The functional currency of the Company is Singapore dollar (“SGD” or “S\$”). As the Group mainly operates in PRC, RMB is used as the presentation currency of the Group and the Company. All financial information presented in RMB has been recorded to the nearest thousand (RMB’000) unless stated otherwise.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2024. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group’s and Company’s accounting policies and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: <i>Lack of Exchangeability</i>	1 January 2025
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Various	Annual improvements to SFRS(I)s – Volume 11	1 January 2026
SFRS(I) 18	Presentation and Disclosure in Financial Statements	1 January 2027
SFRS(I) 19	Subsidiaries without public accountability: Disclosures	1 January 2027
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

SFRS(I) 18, effective for annual periods beginning on or after 1 January 2027, replaces SFRS(I) 1- 1 *Presentation of Financial Statements* and introduces new requirements for presentation and disclosure in financial statements. SFRS(I) 18 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a consequential result of SFRS(I) 18 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed.

SFRS(I) 18 will apply retrospectively. The Group is still in the process of assessing the corresponding impact on the primary financial statements and notes to the financial statements.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.2 Basis of consolidation (Continued)

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognized directly in capital reserve and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a “concentration test” as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree’s identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.4 Revenue recognition

Revenue from sale of goods and rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. The Group accounts for a contract modification as a separate contract if both the following conditions are present: (i) the scope of the contract increase because of the addition of promised goods or services that are distinct; and (ii) the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If the contract modification is not accounted for as a separate contract, the Group will account for the contract modifications as if it were a part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification.

The effect that the contract modification has on the transaction price, and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification.

Rendering of services

Revenue from providing operations, maintenance and supervision services is recognised over time when the customers simultaneously receives and consumes the benefits as the Group performs the services.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.4 Revenue recognition (Continued)

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised at the point in time when the Group satisfies a PO by transferring the promised good to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Warehouse, premises and equipment leasing

Revenue from warehouse, premises and equipment leasing is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalized by applying a capitalization rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.8 Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.9 Income tax (Continued)

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.10 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RMB using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.11 Foreign currency transactions and translation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the financial year.

Any revaluation increase arising from the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognized in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Land and buildings	20 - 50 years
Renovation	5 years
Plant and machinery	1 - 20 years
Furniture, fittings and office equipment	2 - 5 years
Motor vehicles	2 - 10 years
Right-of-use - Premises	3 - 9 years

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.12 Property, plant and equipment (Continued)

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 23.

No depreciation is charged on building under construction as this asset is not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognized in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.13 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses.

Intangible assets with finite lives are amortised over their estimated useful lives, using the straight-line method on the following bases:

Application software	5 years
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Software under development included in intangible assets comprise of software implementation that are not depreciated as these assets are not available for use.

The estimated useful lives, residual values and amortisation method of intangible assets are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income or expenditure in the year the asset is derecognised.

2.14 Investment in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies and generally accompanying a shareholding of 20% or more of the voting power.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.14 Investment in associates (Continued)

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5 from the date on which the investees become classified as held for sale. Under the equity method, investment in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

2.15 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets (excluding inventories and deferred tax assets) as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.15 Impairment of non-financial assets (Continued)

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.16 Financial instruments

The Group recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

All financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVPL"), which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15.

Financial assets are classified as subsequently measured at amortized cost and fair value through other comprehensive income ("FVTOCI"). The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortized cost

A financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortized cost (Continued)

Subsequent to initial recognition, the financial asset at amortized cost is measured using the effective interest method and is subject to impairment. Gains or losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognized on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and recognised in interests income.

Financial assets held at FVTOCI

Investments in quoted corporate bonds are debt instruments and are subsequently measured at FVTOCI as these are held within a business model whose objective is achieved by both collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and selling the financial assets. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss. Upon derecognition, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis. The Group has elected to designate investments in unquoted equity instruments at FVTOCI. Upon derecognition, the cumulative fair value changes are transferred to accumulated profits.

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Financial assets held at FVPL

A financial asset is subsequently measured at FVPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVPL if, by designating the financial asset as FVPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group applies the simplified approach to recognise the ECL for trade, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

While they are not financial assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 26.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, where applicable, using the effective interest method, with interest expense recognized on an effective yield basis. A gain or loss is recognized in profit or loss when the liability is derecognized and through the amortization process.

Borrowings

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5). A gain or loss is recognized in profit or loss when the liability is derecognized and through the amortization process.

Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group and the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15. ECLs are probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group and the Company expects to recover.

2.17 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value.

2.19 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 *Leases*. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within "property, plant and equipment".

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.19 Leases (Continued)

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.20 Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

A provision is recognised for onerous contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and is measured at the lower of the cost of fulfilling it and any expected cost of terminating it. In determining the cost of fulfilling the contract, the Group includes both the incremental costs and an allocation of others costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2.21 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.22 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

Notes to the Financial Statements

2. Summary of material accounting policies (Continued)

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.24 Share-based payments

Under the Sapphire Shares Award Scheme ("Award Shares"), participants will receive fully paid ordinary shares of the Company for no consideration, provided that certain pre-determined corporate performance targets are met within a prescribed performance period.

The Award Shares are accounted for as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of the grant. The Award Shares expense is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive director and the board of directors who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

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.

Income tax

The Group is primarily exposed to income taxes in Singapore and the People's Republic of China ("PRC"). 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 current income tax payables as at 31 December 2024 was RMB 91,000 (2023: RMB Nil).

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) 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.

(b) Impairment of Group's property, plant and equipment

At the reporting date, management performed an impairment assessment on its property, plant and equipment related to its business of leasing of warehouse and equipment ("cash-generating unit" or "CGU") and identified impairment indicators in accordance with SFRS(I) 1-36. Management determined the recoverable value of these assets based on the CGU's value-in-use calculation, determined using the discounted cash flow ("DCF") model and does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets in the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model, forecasted costs and expected future cash inflows.

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) Impairment of Group's property, plant and equipment (Continued)

The recoverable amounts of these assets could change significantly as a result of changes in market conditions and the assumptions used in determining the market value. The carrying amounts of the Group's non-financial assets are disclosed in Note 10.

(c) Determination of significant influence over associate, Ranken Railway Construction Group Co., Ltd and its subsidiaries ("Ranken Group")

The Group held 49.8% of the voting rights of its associates, Ranken Group as of 31 December 2024. In consideration of the relatively significant voting rights it held in the investee entity, the Group considered both SFRS(I) 1-28 Investments in Associates and Joint Ventures and SFRS(I) 10 Consolidated Financial Statements to determine whether it held control or just significant influence over Ranken Group. The Group considered factors, including but not limited to, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders, its representation at shareholders' and directors' meetings and the voting patterns, the composition of key management personnel in Ranken Group, and contractual arrangements. Consequently, the Group assessed that it has significant influence over Ranken Group and classified the investee entity as an associate.

(d) Accounting for investment in associates

In applying the equity method on the Group's interest in Ranken Railway Construction Group Co., Ltd and its subsidiaries ("Ranken Group") for the financial year ended 31 December 2024, management has made adjustments to the financial results of Ranken Group, including the following:

These adjustments included (a) reversal of credit losses of RMB6.1 million on Ranken Group's trade and other receivables in accordance with SFRS(I) 9, (b) the accounting of Ranken Group's share of associates' profits amounting to RMB1.8 million who are the operators of a public private partnership ("PPP") arrangement to build, operate and transfer (i) the first phase of Chengdu Wuhou District Liveable Riverbank Project, Xi River Sewage Treatment Plant 2 Project and (ii) Xijiang River Chenganyu Hi-Speed to Chengan Hi-Speed Section Comprehensive Management Engineering Project and (c) adjustment of the effects on depreciation and amortisation on Ranken Group's non-financial assets amounting to RMB3.3 million arising from the purchase price allocation exercise carried out in prior years.

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

A 1% increase/(decrease) in the profit margin applied on the service concession arrangements undertaken by the associates of Ranken Group and an increase/(decrease) in the useful lives of Ranken Group's non-financial assets by 1 year, while keeping other parameters constant, would not significantly affect the Group's share of results of Ranken Group.

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(d) Accounting for investment in associates (Continued)

However, a 0.5% increase/(decrease) in the historical loss rate applied on the trade and other receivables of Ranken Group would decrease or increase the Group's share of results by approximately RMB 6.9 million (2023: RMB5.9 million or RMB7.0 million).

(e) Provision for contingent liabilities

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

As at the reporting date, the Group's management performed an assessment and recognised an additional provision amounting to RMB1,291,000 (2023: provision of RMB1,526,000) due to a deterioration (2023: deterioration) in the historical default rate adjusted for current and forward-looking information applied on the above outstanding receivables based on the expected credit loss model in accordance with SFRS(I) 9.

A 1% increase or decrease in the probability of default used would decrease or increase the Group's profit before tax by RMB 0.4 million (2023: RMB0.4 million).

(f) Allowance for expected credit losses on trade and other receivables

Allowance for expected credit losses ("ECL") of trade and other receivables 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.

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(f) Allowance for expected credit losses on trade and other receivables (Continued)

The carrying amount of the Group's and the Company's trade and other receivables are disclosed in Notes 15 and 16, respectively. An increase or decrease of 10% in the estimated future cash inflows will lead to reversal of impairment of RMB7.6 million and RMB 27,000 (2023: RMB9.3 million and RMB25,000) respectively, on the Group's and the Company's trade and other receivables.

4. Revenue

	2024 RMB'000	Group 2023 RMB'000
Revenue from contracts with customers	427,935	64,431
Warehouse, premises and equipment leasing	4,694	4,826
	<u>432,629</u>	<u>69,257</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Rendering of services

Nature of goods or services	The Group provides property management and leasing of warehouse and equipment, maintenance and supervision based on specifically negotiated contracts with customers.
When revenue is recognised	Revenue is recognised over time when the customer simultaneously receives and consumes the benefits as the Group performs the services.
Significant payment terms	Invoices are issued on a monthly basis and are payable based on stipulated credit terms in the contract.

Sale of goods

Nature of goods or services	The group sells iron ore and steel building materials for engineering project construction
When revenue is recognised	Revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued when goods are delivered to the customers.

Notes to the Financial Statements

4. Revenue (Continued)

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 (see Note 25).

	Reportable segment Infrastructure	
	2024 RMB'000	2023 RMB'000
Group		
<u>Major products/service lines</u>		
Infrastructure:		
- Rendering of services	19,387	12,198
- Sale of goods	408,548	52,233
	<u>427,935</u>	<u>64,431</u>
	Reportable segment Infrastructure	
	2024 RMB'000	2023 RMB'000
Group		
<u>Primary geographical markets</u>		
Malaysia	901	-
PRC	427,034	64,431
	<u>427,935</u>	<u>64,431</u>
<u>Timing of revenue recognition</u>		
Products transferred at a point in time	408,548	52,233
Products and services transferred over time	19,387	12,198
	<u>427,935</u>	<u>64,431</u>
Revenue from contracts with customers	<u>427,935</u>	<u>64,431</u>

Note: The above excludes revenue from leasing.

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

Notes to the Financial Statements

5. Other income

	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000
Interest income from banks	475	2,669
Interest income on loan to associated company	1,039	1,469
Government grants	422	-
Covered guarantee fee from an associated company	2,528	-
Others	786	196
	<u>5,250</u>	<u>4,334</u>

The covered guarantee fee income relates to the covered guarantee provided by a subsidiary to the controlling shareholder of Ranken Railway for the purpose of guaranteeing a portion of Ranken Railway's banking facilities, and a covered guarantee fee income is received by the subsidiary from Ranken Railway.

6. Finance costs

	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000
Interest expense:		
- lease liabilities	2,099	1,384
- banks and financial institution	33	138
- factoring/interest expense – third party	601	268
- interest expenses – loan from a related company	249	238
	<u>2,982</u>	<u>2,028</u>

Notes to the Financial Statements

7. Profit before tax

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

	<u>Note</u>	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000
Audit fees:			
- auditors of the Company			
- current year		646	660
- other auditors (network firm)			
- current year		780	1,240
- under-provision in prior year		-	540
- other auditors (non-network firm)			
- current year		21	6
- under-provision in prior year		161	345
Changes in fair value of financial asset mandatorily at fair value through profit or loss	13	(32)	760
Cost of inventories included in cost of sales		400,265	48,310
Amortisation of intangible assets		88	48
Loss on disposal of property, plant and equipment	10	164	-
Depreciation of property, plant and equipment	10	10,600	6,791
Directors' remuneration and fees		1,814	1,050
Property and project management expenses and subcontracting costs		<u>13,129</u>	<u>6,408</u>
Employee benefits expense:			
- Salaries, bonuses and other costs		15,886	13,770
- Contributions to defined contribution plans		<u>1,559</u>	<u>1,329</u>
		<u>17,445</u>	<u>15,099</u>
Employee benefits expense are recorded to the following:			
- Cost of sales		4,208	4,972
- Administrative expenses		<u>13,237</u>	<u>10,127</u>
		<u>17,445</u>	<u>15,099</u>

Notes to the Financial Statements

8. Tax expenses/(credit)

	Group	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Current tax expense/ (credit)</u>		
Current year	865	330
Under/(Over)-provision in prior years	150	(1,682)
	<u>1,015</u>	<u>(1,352)</u>

Reconciliation of effective tax rate

	Group	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Profit before tax	2,534	10,590
Share of profits from equity-accounted associates	(11,597)	(31,683)
Loss before share of profits from equity-accounted associates	<u>(9,063)</u>	<u>(21,093)</u>
Tax using the Singapore tax rate of 17% (2023: 17%)	(1,540)	(3,586)
Effect of tax rates in foreign jurisdictions	(149)	(1,117)
Non-deductible tax expenses	1,723	1,482
Deferred tax assets on temporary differences not recognised	831	3,551
Under/(Over)-provision in prior years	150	(1,682)
	<u>1,015</u>	<u>(1,352)</u>

Non-deductible expenses relate mainly to net provisions recognised and depreciation charge on non-qualifying property, plant and equipment and fair value loss on financial asset at fair value through profit or loss.

Income tax recognised in other comprehensive income

There are no tax effects relating to other comprehensive income presented in the consolidated statement of comprehensive income.

Deferred tax assets have not been recognised in respect of the following items:

	Group and Company	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Tax losses	<u>288,791</u>	<u>289,818</u>

As at 31 December 2024, the Group's and the Company's unutilised tax losses amounting to S\$53.8 million (2023: S\$53.8 million) may be carried forward indefinitely.

Notes to the Financial Statements

8. Tax expenses/(credit) (Continued)

Deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unutilised tax losses which are available to set-off against future taxable income, are subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries.

Unrecognised deferred tax liabilities

At 31 December 2024 and 2023, there was no temporary difference related to investment in subsidiaries recognised because the Group controls the dividend policy of its subsidiaries and is able to veto the payment of dividends of its subsidiaries i.e. the Group controls the timing of reversal of the related taxable temporary differences and it is satisfied they will not reverse in the foreseeable future.

9. Earnings per share

The calculation of basic earnings per share ("EPS") for the year ended 31 December 2024 was based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding of 407,590,000 (2023: 407,590,000), calculated as follows:

Profit attributable to ordinary shareholders

	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000
Profit attributable to ordinary shareholders	<u>1,376</u>	<u>11,480</u>

Weighted-average number of ordinary shares

	<u>2024</u> '000	<u>Group</u> <u>2023</u> '000
Issued ordinary shares at 1 January and 31 December	<u>407,590</u>	<u>407,590</u>

Earnings per share

	<u>2024</u> RMB (cents)	<u>Group</u> <u>2023</u> RMB (cents)
Basic/diluted	<u>0.34</u>	<u>2.82</u>

For the years ended 31 December 2024 and 2023, the diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive equity instruments.

10. Property, plant and equipment

	Leasehold land and building RMB'000	Renovation RMB'000	Plant and machinery RMB'000	Furniture, fittings and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<u>Group Cost</u>							
At 1 January 2023	61,068	4,090	2,141	1,873	1,419	782	71,373
Additions	4,269	833	8	-	87	9,995	15,192
Effect of movements in exchange rates	20	38	-	20	-	-	78
At 31 December 2023	65,357	4,961	2,149	1,893	1,506	10,777	86,643
Additions	33,506	687	1,621	108	97	(10,777)	25,242
Disposals	(535)	-	-	(7)	(161)	-	(703)
Effect of movements in exchange rates	(2)	(3)	-	(2)	-	-	(7)
At 31 December 2024	98,326	5,645	3,770	1,992	1,442	-	111,175
<u>Accumulated depreciation</u>							
At 1 January 2023	7,670	1,742	695	825	769	-	11,701
Depreciation charge	5,676	572	232	154	157	-	6,791
Effect of movements in exchange rates	5	38	-	19	-	-	62
At 31 December 2023	13,351	2,352	927	998	926	-	18,554
Depreciation charge	8,666	960	612	188	174	-	10,600
Disposals	(371)	-	-	(7)	(161)	-	(539)
Effect of movements in exchange rates	(3)	-	-	-	-	-	(3)
At 31 December 2024	21,643	3,312	1,539	1,179	939	-	28,612
<u>Carrying amount</u>							
At 31 December 2024	76,683	2,333	2,231	813	503	-	82,563
At 31 December 2023	52,006	2,609	1,222	895	580	10,777	68,089

Notes to the Financial Statements

10. Property, plant and equipment (Continued)

	<u>Premises</u> RMB'000	<u>Renovation</u> RMB'000	<u>Furniture, fittings and office equipment</u> RMB'000	<u>Total</u> RMB'000
<u>Company</u>				
<u>Cost</u>				
At 1 January 2023	-	937	505	1,442
Additions	518	-	-	518
Effect of movements in exchange rates	20	38	20	78
At 31 December 2023	538	975	525	2,038
Additions	540	-	16	556
Disposals	(535)	-	-	(535)
Effect of movements in exchange rates	(4)	(3)	(1)	(8)
At 31 December 2024	539	972	540	2,051
<u>Accumulated depreciation</u>				
At 1 January 2023	-	937	455	1,392
Depreciation charge	205	-	21	226
Effect of movements in exchange rates	5	38	19	62
At 31 December 2023	210	975	495	1,680
Depreciation charge	169	-	28	197
Disposals	(372)	-	-	(372)
Effect of movements in exchange rates	(3)	(3)	(1)	(7)
At 31 December 2024	4	972	522	1,498
<u>Carrying amount</u>				
At 31 December 2024	535	-	18	553
At 31 December 2023	328	-	30	358

Notes to the Financial Statements

10. Property, plant and equipment (Continued)

Right-of-use ("ROU") assets classified under property, plant and equipment are as follows:

	Leasehold land and Buildings[^] RMB'000	Group Premises# RMB'000	Total RMB'000	Company Premises RMB'000
At 1 January 2023	28,364	25,034	53,398	-
New leases	-	4,269	4,269	518
Depreciation charge	(1,639)	(4,037)	(5,676)	(205)
Effect of movements in exchange rates	-	15	15	15
At 31 December 2023	26,725	25,281	52,006	328
Additions	18,340	-	18,340	-
New leases	-	15,166	15,166	540
Disposal / write offs	-	(164)	(164)	(164)
Depreciation charge	(2,103)	(6,563)	(8,666)	(169)
Effect of movements in exchange rates	1	-	1	-
At 31 December 2024	42,963	33,720	76,683	535

[^] As at 31 December 2024, the carrying amount of the Group's land and building amounting to RMB 42,963,000 (2023: RMB26,725,000) mainly comprised a warehouse premise and land-use rights (2023: warehouse premise) in the PRC with 19,730 square metres (2023: 13,000 square metres) and 34,122 square metres respectively, with a remaining tenure of approximately 20 years. The land-use rights certificate was obtained in FY2024.

As at 31 December 2024, the Group's ROU assets were held by subsidiaries and comprised premises used for urban renewal and for sales and marketing purposes, through tenancy agreements. The leases run for a remaining period of 7 years (2023: 8 years). During the current financial year, the Company signed a new office lease for another 2.5 years till 20 June 2027.

The consolidation statement of comprehensive income shows the following amounts relating to leases:

	Group 2024 RMB'000	2023 RMB'000
Interest expense on lease liabilities	2,099	1,384

During the year, depreciation charge on the Group's property, plant and equipment is summarised as follows:

	Group 2024 RMB'000	2023 RMB'000
Cost of goods sold	10,307	6,159
Other operating expenses	293	632
	10,600	6,791

11. Investment in subsidiaries

	<u>Company</u>	
	<u>2024</u> RMB'000	<u>2023</u> RMB'000
<u>Investments in subsidiaries, at cost</u>		
At 1 January	370,519	356,143
Effect of movements in exchange rates	(1,192)	14,376
At 31 December	<u>369,327</u>	<u>370,519</u>

The details of the subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective interest held by the Group</u>	
			<u>2024</u> %	<u>2023</u> %
<u>Held by the Company</u>				
Ranken Holding Co., Limited ⁽¹⁾	Investment holding	Hong Kong	100	100
<u>Held by Ranken Holding Co., Limited</u>				
Prosperity Equipment (M) Sdn Bhd ^{(1) (3)}	Wholesale, rental and leasing of industrial machinery and other equipment	Malaysia	82	-
Chengdu Kai Qi Rui Business Management Co., Ltd. (“Chengdu KQR”) ⁽²⁾	Enterprise management, engineering information and technology consultation	China	98	98
<u>Held by Chengdu Kai Qi Rui Business Management Co., Ltd.</u>				
Sichuan Yilong Equipment Co., Ltd ⁽²⁾	Equipment maintenance and leasing	China	97.6	97.6
Chengdu Shengshi Jialong City Management Service Co., Ltd. ⁽²⁾	Property management and consulting services	China	97.6	97.6
Chengdu Kaiwan Enterprise Management Consulting Co., Ltd. ⁽²⁾	Property management and consulting services	China	58.8	58.8
Chengdu Shengshi Daojia Business Management Co., Ltd. ⁽²⁾	Service and management of market-oriented community mini-complexes	China	97.6	97.6

⁽¹⁾ Audited by Forvis Mazars LLP, Singapore for purpose of consolidation.

⁽²⁾ Audited by Forvis Mazars, China for purpose of consolidation in accordance with IFRS.

⁽³⁾ In 2024, the Group incorporated a subsidiary in Malaysia which holds 82% of the shares.

Notes to the Financial Statements

12. Investment in associates

	2024 RMB'000	Group 2023 RMB'000
Interests in associates	458,909	448,444
<u>Group's interest in the net assets of investees:</u>		
At 1 January	448,444	417,827
Dividends declared	(13,654)	(25,095)
Group's contribution	13,003	25,095
Group's share of other comprehensive loss	(761)	(1,066)
Group's share of profits	11,597	31,683
	458,629	448,444
Group's investment in BAZET	280	-
At 31 December	458,909	448,444

During the year, the Group increased the cost of investment in Ranken Railway Construction Group Co., Ltd. ("Ranken Railway") from RMB321,359,000 to RMB334,362,000 (2023: RMB296,264,000 to RMB321,359,000) by way of capitalisation of dividends distributed by Ranken Railway of RMB 13,003,000 (2023: RMB25,095,000) into share capital. The other shareholders of Ranken Railway have proportionately increased their investments in Ranken Railway in the same manner with no change in the percentage of shareholdings. Chengdu KQR has fully paid up the equity capital in Ranken Railway as at 31 December 2024.

During the year, Yilong invested in an associate company in China, Beijing Aide Zhengze Education Technology Co., Ltd. ("BAZET") for a 19.5% ownership and the principal activities of BAZET include educational equipment certification and trading platform.

Details of the associates are as follows:

<u>Name of associates</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective interest held by the Group</u>	
			<u>2024</u>	<u>2023</u>
			%	%
<u>Held through Chengdu Kai Qi Rui Business Management Co., Ltd</u>				
Ranken Railway Construction Group Co. Ltd (“Ranken Railway”) and its subsidiaries ⁽¹⁾	EPC for railway, highway, municipal, industrial and civil construction and airports and water conservancy projects and investment holding	China	48.8	48.8
<u>Held through Sichuan Yilong Equipment Co., Ltd</u>				
Beijing Aide Zhengze Education Technology Co., Ltd. (“BAZET”) ⁽²⁾	Educational equipment certification and trading platform	China	19.5	-

(1) Audited by Forvis Mazars, China for purpose of consolidation in accordance with IFRS.

(2) Audited by Guangxi Certified Public Accountants Co., Ltd., a member of the Chinese Institute of Certified Public Accountants, for statutory purposes.

Notes to the Financial Statements

12. Investment in associates (Continued)

The associates are accounted for using the equity method in the Group's consolidated financial statements.

Summarised financial information in respect of Ranken Railway is set out below. The information below reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for any differences in accounting policies between the Group and the associates.

Material associated company

	Ranken Railway Construction Group Co. Ltd and its subsidiaries	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Asset and liabilities:		
Non-current assets ^(a)	385,215	396,974
Current assets	3,000,150	3,376,122
Total assets	<u>3,385,365</u>	<u>3,773,096</u>
Non-current liabilities	(159,601)	(258,804)
Current liabilities	<u>(2,305,210)</u>	<u>(2,614,164)</u>
Total liabilities	<u>(2,464,811)</u>	<u>(2,872,968)</u>
Net assets	<u>920,554</u>	<u>900,128</u>
Carrying amount of the investment as at 31 December	<u>458,909</u>	<u>448,444</u>
Results:		
Revenue	1,444,851	1,863,473
Profit for the year	23,278	63,594
Other comprehensive loss	<u>(1,528)</u>	<u>(2,140)</u>

^(a) The Group's share of profit included the depreciation and amortisation expenses totaling RMB3.3 million (2023: RMB3.9 million) on the fair value adjustments made on Ranken Group's non-financial assets which arose from the purchase price allocation exercise carried out in prior years.

2024

Ranken Group does not have any contingent liabilities and commitments.

Notes to the Financial Statements

12. Investment in associates (Continued)

Material associated company (Continued)

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

- (1) the Group, through Chengdu KQR, effectively guaranteed the collection of receivables owing to Ranken Group as at 31 August 2019 (the “Guaranteed Receivables”). In the event that Ranken Group fails to collect any of the Guaranteed Receivables within 5 years from the date on which such receivables become due (the “Overdue Guaranteed Receivables”), the Investor shall have the right to offset the Overdue Guaranteed Receivables against the dividends payables to Chengdu KQR (the “Offset”), if any and the Group shall reimburse the remaining balance of the Overdue Guaranteed Receivables after the Offset. After which, the uncollected Overdue Guaranteed Receivables will then be assigned to the Group;
- (2) Chengdu KQR will remain a 49.82% shareholder of Ranken Railway after completion of the Ranken Disposal Agreement. Accordingly, Ranken Railway may, from time to time, require capital support from Chengdu KQR – whether in the form of equity or loan – given the scale of its operations, as required under PRC laws and the requirements of the Shenzhen Stock Exchange (as informed by the Investor to the Company), as disclosed in the Ranken Disposal Circular. As such, given that the equity shareholding of the Investor and Chengdu KQR are equal in Ranken Railway,
 - (a) any working capital loans as may be extended by the Investor to Ranken Railway after completion of the Ranken Disposal Agreement would have to be extended and/or matched by Chengdu KQR in accordance with its 49.82% shareholding in Ranken Railway and shall be on the same terms with that of the Investor; and
 - (b) any full guarantee(s) provided by the Investor to the lender(s) for banking facilities granted to Ranken Railway (“Principal Guarantee”) would have to be secured by a covered guarantee from Chengdu KQR in respect of the Principal Guarantee based on its 49.82% shareholding in Ranken Railway (the “Covered Guarantee”). In the event of default by Ranken Railway, the Investor shall fulfil its payment obligations in full under the Principal Guarantee and seek recourse from Chengdu KQR under the Covered Guarantee.
- (3) It was further disclosed in the Ranken Disposal Circular that “Ranken Railway would be placed in a more favourable position to secure project contracts in the PRC, and may be able to enjoy lower interest rates on external borrowings from financial institutions, given its status as an indirect SOE following the Proposed Transaction” (the “Guarantee Rationale”). As such, management understands from the Investor that the provision of Principal Guarantee would allow Ranken Railway to borrow at lower interest rates compare to other non-secured financing facilities.

Notes to the Financial Statements

13. Other investments

	Group and Company	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Quoted equity investment – mandatorily at FVPL:</u>		
At 1 January	925	1,635
Changes in fair value	32	(760)
Translation differences	-	50
At 31 December	957	925

14. Inventories

	Group	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Finished goods	590	15

The cost of inventories recognised as an expense and included in profit or loss amounted to RMB400,265,000 (2023: RMB48,310,000).

15. Trade receivables

	Group	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Trade receivables – third parties	39,935	12,998
Trade receivables – associated company	12,772	22,624
Bills receivables – associated company	1,381	10,430
	54,088	46,052
Impairment loss	(926)	(858)
	53,162	45,194

Trade receivables are non-interest bearing and are generally on (i) third parties of 7 to 90 days (2023: 90 to 180 days) credit term; and (ii) associated company of 30 to 90 days (2023: 30 to 90 days) credit terms, respectively. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

The Group's exposure to credit risk is disclosed in Note 26 to the financial statements.

Notes to the Financial Statements

16. Other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Other receivables due from third parties (Note A)	22,686	24,027	277	250
Amount due from a former subsidiary (Note B)	14,859	14,859	14,859	14,859
Impairment loss	(20,296)	(20,296)	(14,859)	(14,859)
	17,249	18,590	277	250
Amount due from an associated company	3,195	393	-	-
Loan to an associated company (Note C)	30,000	30,000	-	-
Impairment loss	(653)	(653)	-	-
Financial assets at amortised cost	49,791	48,330	277	250
Prepayments	13,900	24,421	175	177
	<u>63,691</u>	<u>72,751</u>	<u>452</u>	<u>427</u>

Note A:

Pertains to the Overdue Guaranteed Receivables assigned by Ranken Group with a carrying amount of RMB20,588,000 to Chengdu KQR which were more than 5 years overdue as at 31 December 2024, with a corresponding "amount owing to associated company" as disclosed in Note 21(B).

The Guaranteed Receivables

As disclosed in Note 3.2(e), pursuant to the Ranken Disposal Agreement and as set out in the Ranken Disposal Circular, the Group, through Chengdu KQR, effectively guaranteed the collection of receivables owing to Ranken Group before completion of the Ranken Disposal Agreement. In the event that Ranken Group fails to collect any of the Guaranteed Receivables within 5 years from the date on which such receivables become due, the Investor shall have the right to offset the Overdue Guaranteed Receivables against the dividends payable to Chengdu KQR, if any, and the Group shall reimburse the remaining balance of the Overdue Guaranteed Receivables after the Offset. After which, the reimbursed balance of the Overdue Guaranteed Receivables will then be assigned to the Group. The Overdue Guaranteed Receivables, once assigned to the Chengdu KQR, will be recorded as Other Receivables.

The aging of the Guaranteed Receivables is as follow:

As at 31 December 2024:

- the total amount of the Guaranteed Receivables was RMB 260.1 million (FY2023: RMB 302.6 million);
- the total amount of the Overdue Guaranteed Receivables was RMB 42.8 million (FY2023: RMB 36.9 million);
- the total Overdue Guaranteed Receivables which had been assigned to Chengdu KQR and recorded as other receivables was RMB 20.6 million in aggregate; and
- The Group conducted an ECL assessment on the Guaranteed Receivables. As a result, additional provision amounting to RMB1,291,000 (2023: provision of RMB1,526,000) in the consolidated statement of comprehensive income based on the expected credit loss model in accordance with SFRS(I) 9, as disclosed in Note 3.2(e).

Notes to the Financial Statements

16. Other receivables (Continued)Note B:

As at 31 December 2024 and 2023, the fully-impaired amount due from a former subsidiary of RMB 14,859,000 (equivalent to AUD 3,132,000) was due from Mancala Holdings Pty Ltd, which ceased to be a subsidiary of the Company following the Group's disposal of the former Mining Service segment in FY2017. The amount representing advances made and payments made on behalf was interest-free, unsecured, repayable on demand and was fully impaired in 2020.

Note C:

Unsecured loans to an associated company bore interest at 3.95% (2023: 3.95%) with maturity of 12 months.

Amounts due from an associated company representing advances made and payments made on behalf are interest-free, unsecured and repayable on demand.

The Group's and the Company's exposure to credit risk is disclosed in Note 26 to the financial statements.

17. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash and bank balances	<u>61,802</u>	<u>87,389</u>	<u>242</u>	<u>173</u>

The weighted average effective interest rates per annum relating to cash and bank balances at the reporting date for the Group and the Company were 1.91% (2023: 1.86%) and Nil% (2023: 0.72%) respectively. Interest rates are repriced within one year.

As at 31 December 2024, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB 59,558,000 (2023: RMB 79,264,000). The repatriation of the cash out of the PRC is subject to the Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC.

18. Share capital

	<u>2024</u>		<u>Company</u>	
	<u>Number of</u>	<u>2024</u>	<u>Number of</u>	<u>2023</u>
	<u>shares ('000)</u>	<u>RMB'000</u>	<u>shares ('000)</u>	<u>RMB'000</u>
<u>Issued and fully paid ordinary</u>				
<u>shares with no par value</u>				
At the beginning of financial year	407,590	350,874	407,590	466,700
Capital reduction	-	-	-	(115,826)
At the end of financial year	<u>407,590</u>	<u>350,874</u>	<u>407,590</u>	<u>350,874</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.

Notes to the Financial Statements

18. Share capital (Continued)Capital reduction

On 27 January 2023, the Company effected the capital reduction and share capital of RMB 115.8 million was set-off against the accumulated profit of the Group and the Company. Accordingly, the issued and fully paid-up share capital of the Group and the Company is RMB351 million (\$573.3 million) comprising 407,590,893 ordinary shares.

Capital management

The Board's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interest. The Board also reviews and monitors the level of dividends to ordinary shareholders.

The Group regularly reviews and manages its capital to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions by adjusting the amount of dividends paid to shareholders, issuing new shares, returning capital to shareholders, raising new debt financing or selling assets to reduce debts.

The capital structure of the Group consists of issued capital, reserves and retained earnings. The Group is not subjected to externally imposed capital requirements during the financial years ended 31 December 2024 and 2023.

19. Reserves

The reserves of the Group and the Company comprise the following balances:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Capital reserve	(7,585)	(7,585)	(8,294)	(8,294)
Fair value reserve	(14,205)	(14,205)	(14,205)	(14,205)
Other reserves	(8,968)	(8,968)	(8,968)	(8,968)
Translation reserve	944	1,673	40,821	41,951
Accumulated profits/(losses)	258,194	256,818	(9,247)	(5,251)
	<u>228,380</u>	<u>227,733</u>	<u>107</u>	<u>5,233</u>

Capital reserve represents the difference between the issue share price and fair value of new shares issued for the acquisition of a subsidiary.

Fair value reserve comprises the cumulative net change in the Group's and the Company's fair value of equity investment in Mancala Holdings Limited designated at FVTOCI, which was fully written down in 2019.

Other reserves represent expenses incurred in relation to the issue of shares of the Company.

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements in currencies other than the Group's presentation currency.

The capital reserve, fair value reserve, other reserves and translation reserve are not available for distribution as dividends.

Notes to the Financial Statements

20. Trade payables

	<u>Group</u>	
	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Trade payables to third parties	28,332	9,648
Trade payables to an associated company	6,015	7,679
Bills payable to a third party	-	20,000
	34,347	37,327

Trade payables, comprising amounts outstanding for trade purchases and operating costs, are unsecured and non-interest bearing. The Group's average credit period extended are (i) third parties of 90 to 180 (2023: 90 to 180) days credit term; and (ii) associated company of 30 to 90 days (2023: 30 to 90) days credit terms, respectively. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

21. Other payables

		<u>Group</u>	<u>Company</u>		
	<u>Note</u>	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Amounts due to a subsidiary	A	-	-	17,382	12,090
Amounts owing to shareholders	A	8,311	9,381	-	-
Amounts owing to associated company	B	20,588	20,588	-	-
Advances received from associated company	C	295	10,000	-	-
Loan from a related company	D	5,132	6,968	-	-
Accrued expenses		2,204	4,624	2,632	3,032
Security deposits		2,473	1,970	-	-
Other payables		4,043	1,240	-	828
Financial liabilities at amortised cost		43,046	54,771	20,014	15,950
Other tax payables		962	856	-	-
		44,008	55,627	20,014	15,950
Represented by:					
- Non-current		-	-	17,382	12,090
- Current		44,008	55,627	2,632	3,860
		44,008	55,627	20,014	15,950

Note A:

Amounts due to a subsidiary and shareholders comprise advances received, are non-trade, unsecured and non-interest bearing. The amounts due to a subsidiary are repayable on 1 January 2026 (2023: 1 January 2025). The amounts due to shareholders are repayable on demand.

Notes to the Financial Statements

21. Other payables (Continued)Note B:

The amounts owing to associated company comprised RMB20,588,000 in respect of the Overdue Guaranteed Receivables which had been assigned by the associated company as disclosed in Note 16.

Note C:

Advances received from associated company for purchases of materials and supplies, are unsecured, and non-interest bearing.

Note D:

The loan from a related company is unsecured, bears fixed interest at 3.6% (2023:4%) per annum and is repayable on demand.

22. Provisions

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	RMB'000		RMB'000
Provision for contingent liabilities	9,475		8,184
Provision for guarantee	3,152		2,600
	<u>12,627</u>		<u>10,784</u>

(a) Provision for contingent liabilities

This relates to the provision for guarantee provided by the Group to the Investor for the recoverability of outstanding receivable balances in Ranken Railway as at 31 August 2019. Should Ranken Railway fail to collect such receivables within five (5) years from the date on which such receivables are due, Ranken Railway shall be entitled to offset such amounts against the dividends payable to 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.

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.

The movement during the year is as follows:

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	RMB'000		RMB'000
At 1 January	8,184		6,658
Provision recognised	1,291		1,526
At 31 December	<u>9,475</u>		<u>8,184</u>

Notes to the Financial Statements

22. Provisions (Continued)**(b) Provision for guarantee**

As at 31 December 2024, the Group, through Chengdu KQR, has provided the Covered guarantees (as defined in Note 12) for banking facilities of Ranken Railway amounting to an aggregate sum of RMB180.1 million (2023: RMB183.8 million), respectively (Note 24).

In providing such guarantee, management has considered (i) the requirements for the Covered Guarantee and the Guarantee Rationale (as set out in Note 12, including pertinent conditions to the Ranken Disposal Agreement and relevant disclosure in the Ranken Disposal Circular); and (ii) the financial position, profitability and credit standing of Ranken Railway.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15. Expected credit losses ("ECL") are probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group and the Company expects to recover.

The movement during the year is as follows:

	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000
At 1 January	2,600	1,131
Provision recognised	552	1,469
At 31 December	3,152	2,600

23. Leases**Leases as lessor**

In FY2024 and FY2023, the Group leased out construction equipment and warehouse. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its construction equipment and warehouse. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from warehouse, premises and equipment leasing recognised by the Group during 2024 was RMB4,694,000 (2023: RMB4,826,000) (Note 4).

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000
Within 1 year	1,910	192
Between 2 and 5 years	5,713	-
	7,623	192

Notes to the Financial Statements

23. Leases (Continued)**Lease liabilities**

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Undiscounted lease payments due:				
- Later than five years	1,732	11,476	-	-
- Later than one year and not later than five years	38,064	22,134	379	167
- No later than one year	7,411	3,565	192	192
	<u>47,207</u>	<u>37,175</u>	<u>571</u>	<u>359</u>
Less: Future interest costs	<u>(7,303)</u>	<u>(7,719)</u>	<u>(35)</u>	<u>(14)</u>
	<u>39,904</u>	<u>29,456</u>	<u>536</u>	<u>345</u>
Represented by:				
- Non-current	34,354	27,557	363	164
- Current	5,550	1,899	173	181
	<u>39,904</u>	<u>29,456</u>	<u>536</u>	<u>345</u>

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Total cashflows for all leases in the current financial year amounted to RMB6,989,000 (2023: RMB2,057,000). Interest expense on lease liabilities of RMB2,099,000 (2023: RMB1,384,000) is recognised within "finance costs" in the consolidated statement of comprehensive income (Note 6).

As at 31 December 2024, the Group's short-term commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the financial year.

24. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
- (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

Notes to the Financial Statements

24. Significant related party transactions (Continued)

A related party is defined as follows (Continued):

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employees are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Transactions with key management personnel***Key management personnel compensation***

Key management personnel compensation comprised:

	<u>2024</u>	<u>Group</u>
	RMB'000	<u>2023</u>
		RMB'000
Short-term employee benefits	4,052	2,114
Post-employment benefits	163	160
	<u>4,215</u>	<u>2,274</u>

Other related party transactions

	<u>2024</u>	<u>Group</u>
	RMB'000	<u>2023</u>
		RMB'000
Legal services rendered by a firm of which a director is a partner of the firm ⁽¹⁾	161	76
<i>Associated company:</i>		
Guarantee fee income	2,528	-
Revenue from contracts with customer – construction contracts	-	190
Leasing income	1,883	3,720
Rendering of services	4,062	3,919
Interest income	1,039	1,469
Sale of goods	<u>58,397</u>	<u>45,708</u>

Notes to the Financial Statements

24. Significant related party transactions (Continued)**Other related party balances with associated company**

	2024 RMB'000	Group 2023 RMB'000
Covered guarantee provided for banking facilities ⁽²⁾	<u>180,053</u>	<u>183,801</u>

⁽¹⁾ The director did not seek re-election at the Company's annual general meeting held on 30 April 2024 and retired accordingly.

⁽²⁾ Determined based on Chengdu KQR's 49.82% share of guarantees provided on banking facilities utilised by the associated company amounting to RMB361.4 million (2023: RMB368.9 million) as at 31 December 2024 (Note 22).

25. Segment information

For the years ended 31 December 2024 and 2023, the Group has only one reportable segment, i.e. the "Infrastructure Segment". The Group is principally engaged in (i) providing services for urban renewal and redevelopment; and urban infrastructure; and (ii) investment holding and management.

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

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

The wholesale operation, which comprises wholesale, rental and leasing of industrial machinery and other equipment, was not significant in FY2024; and was thus included as "Other" under the Infrastructure Segment.

The CEO reviews internal management reports at least quarterly.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

In FY2024 and FY2023, unallocated items comprise both the Company's and Ranken Holding Co., Limited's performance and assets. In FY2024 and FY2023, the performance represents that of Chengdu Kai Qi Rui Business Management Co., Ltd. and its subsidiaries and associated company, as reported to the CEO.

Notes to the Financial Statements

25. Segment information (Continued)

	<u>Jialong</u> RMB'000	<u>Infrastructure segment</u> <u>Yilong</u> RMB'000	<u>Chengdu KQR</u> RMB'000	<u>Other</u> RMB'000	<u>Total</u> RMB'000
Group					
31 December 2024					
Revenue and expenses					
External revenue	19,737	411,991	-	901	432,629
Interest income	7	103	1,400	-	1,510
Interest expense	(2,168)	(542)	(258)	(6)	(2,974)
Depreciation and amortisation	(7,226)	(3,168)	(28)	(69)	(10,491)
Share of profits from equity-accounted associates (net of tax)	-	-	11,597	-	11,597
Reportable segment (loss)/profit before tax	(5,266)	3,222	11,898	(120)	9,734
Other segment information					
Reportable segment assets	41,759	128,045	546,041	2,366	718,211
Capital expenditure:					
- Property, plant and equipment	14,479	9,197	146	864	24,686
Reportable segment liabilities	47,211	33,059	51,381	853	132,504

	<u>Jialong</u> RMB'000	<u>Infrastructure segment</u> <u>Yilong</u> RMB'000	<u>Chengdu KQR</u> RMB'000	<u>Total</u> RMB'000
Group				
31 December 2023				
Revenue and expenses				
External revenue	12,412	56,845	-	69,257
Interest income	8	73	3,896	3,977
Interest expense	(1,243)	(268)	(476)	(1,987)
Depreciation and amortisation	(4,295)	(2,312)	(6)	(6,613)
Share of profits from equity-accounted associates (net of tax)	-	-	31,683	31,683
Reportable segment (loss)/profit before tax	(5,422)	(321)	22,590	16,847
Other segment information				
Reportable segment assets	38,856	136,439	538,212	713,507
Capital expenditure:				
- Property, plant and equipment	4,673	9,996	5	14,674
- Intangible assets	479	-	-	479
Reportable segment liabilities	42,244	49,292	45,831	137,367

Notes to the Financial Statements

25. Segment information (Continued)

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

	<u>2024</u> RMB'000	<u>Group</u> <u>2023</u> RMB'000	
Revenue			
Total revenue for reportable segments	432,629	69,257	
Profit or loss			
Total profit before tax for reportable segments	9,734	16,847	
Unallocated amounts:			
- Other income	23	172	
- Other expense (head office expenses)	(7,223)	(6,429)	
- Tax (expense)/credit	(1,015)	1,352	
Consolidated profit for the year	1,519	11,942	
Assets			
Total assets for reportable segments	718,211	713,507	
Other unallocated amounts	3,911	9,835	
Consolidated total assets	722,122	723,342	
Liabilities			
Total liabilities for reportable segments	132,504	137,367	
Elimination of inter-segment liabilities	(12,367)	(16,172)	
Other unallocated amounts	10,749	11,999	
Consolidated total liabilities	130,886	133,194	
	<u>Reportable segment total</u> RMB'000	<u>Unallocated amounts</u> RMB'000	<u>Consolidated total</u> RMB'000
2024			
Other material items			
Interest income	1,510	4	1,514
Interest expense	(2,974)	(8)	(2,982)
Depreciation and amortisation	(10,491)	(197)	(10,688)
Capital expenditure:			
- Property, plant and equipment	(24,686)	(556)	(25,242)
- Intangible assets	-	-	-
2023			
Other material items			
Interest income	3,977	161	4,138
Interest expense	(1,987)	(41)	(2,028)
Depreciation and amortisation	(6,613)	(226)	(6,839)
Capital expenditure:			
- Property, plant and equipment	(14,674)	(518)	(15,192)
- Intangible assets	(479)	-	(479)

Notes to the Financial Statements

25. Segment information (Continued)

As at 31 December 2024, the other unallocated amounts of the Group's assets related mainly to cash and bank balances.

Geographical segments

Geographical segments are analysed by the following principal geographical areas: Singapore, Malaysia and China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical information

	Revenue		Non-current assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Singapore and Malaysia	901	-	1,348	358
China	431,728	69,257	540,572	516,710
Total	432,629	69,257	541,920	517,068

Major customers

Revenue from three (3) customers of the Infrastructure segment (2023: one (1) customer of the Infrastructure segment) represents approximately 95.6% (2023: 72%) of the Group's total revenue.

26. Financial instruments and financial risk

The Group's activities expose it to credit risk, market risks (including foreign currency risk, interest rate risk and price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)***Credit risk (Continued)***

The Group's credit risk arises from bank balances, trade and other receivables and other debt instruments carried at amortised cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 30 days past due as per SFRS(I) 9's presumption.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks ^{Note 1}	12-months ECL (stage1)
2	Non-significant increase in credit risks since initial recognition and financial asset is $\leq$ 30 days past due	12-months ECL (stage1)
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is $>$ 30 days past due	Lifetime ECL (stage2)
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
4	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk (Continued)

In assessing the significance of the change in the risk of default, the Group considers both past due and forward looking quantitative and qualitative information.

Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group have significant credit exposure to single counterparties or groups of counterparties with similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)

Credit risk (Continued)Trade and other receivables

Impairment losses on financial assets recognised in the consolidated statement of comprehensive income were as follows:

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	RMB'000		RMB'000
Impairment loss on trade and other receivables:			
- Third parties	59		5,918
- Associated company	9		967
	<u>68</u>		<u>6,885</u>

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

All of the Group's customers are in PRC.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade and other receivable for which no loss allowance is recognised because of collateral.

Exposure to credit risk

The exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by geographic region was as follows:

	<u>2024</u>	<u>Group</u>	<u>2023</u>	<u>2024</u>	<u>Company</u>	<u>2023</u>
	RMB'000		RMB'000	RMB'000		RMB'000
Singapore	277		250	277		250
PRC	<u>102,676</u>		<u>93,274</u>	<u>-</u>		<u>-</u>
	<u>102,953</u>		<u>93,524</u>	<u>277</u>		<u>250</u>

As at 31 December 2024, the Group has concentration of credit risk on the outstanding trade and other receivables due from Ranken Group amounting to RMB46.0 million or 44.6% (2023: RMB63.4 million or 67.8%) of the Group's trade and other receivables measured at amortised cost.

The Group measures the loss allowances of trade and other receivables using the 'roll rate' method, based on receivables ageing and expected loss rate, and made adjustments for trade and other receivables from customers to reflect current conditions.

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)

*Credit risk (Continued)*Expected credit loss assessment

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables (excluding prepayments) as at 31 December 2024 and 2023:

	Weighted average loss rate %	Stage 1 RMB'000	Stage 2 RMB'000	Gross carrying amount RMB'000	Total impairment loss allowance RMB'000	Net RMB'000
Group						
2024						
Current (not past due)	2	89,381	-	89,381	(1,579)	87,802
More than one year past due	57	-	35,447	35,447	(20,296)	15,151
		89,381	35,447	124,828	(21,875)	102,953
Group						
2023						
Current (not past due)	2	79,884	-	79,884	(1,511)	78,373
More than one year past due	57	-	35,447	35,447	(20,296)	15,151
		79,884	35,447	115,331	(21,807)	93,524

Movements in the allowance for impairment in respect of trade and other receivables

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

	Group	
	2024 RMB'000	2023 RMB'000
At 1 January	21,807	14,922
Impairment losses recognised	68	6,885
At 31 December	21,875	21,807
Represented by:		
- Third parties	20,899	20,840
- Associated company	976	967
	21,875	21,807

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)***Credit risk (Continued)***Cash and bank balances

The Group's and the Company's cash and bank balances as at 31 December 2024 and 2023 represents its maximum credit exposure on these assets. The cash and bank balances are held with bank and financial institution counterparties which are regulated. Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowance on cash and bank balances was negligible.

Other receivables of the Company

As at 31 December 2024, the Company's financial assets included in other receivables amounted to RMB277,000 (2023: RMB250,000), mainly relate to amounts due from third parties and rental deposits placed with lessors. Impairment on the balances have been measured on the lifetime expected loss basis. Allowance had been made on credit-impaired balances due from a former subsidiary arising from uncertainty of collection due to under-performance and unfavourable market conditions of the debtor, amounting to RMB14,859,000 (2023: RMB14,859,000).

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group does not have exposure to currency risk as sales and purchases are denominated in the functional currencies of Group entities, which are primarily the Chinese Renminbi ("RMB") and Singapore dollar ("SGD" or "S\$").

Interest rate risk

As at 31 December 2024 and 2023, the Group and the Company do not have variable rate interest-bearing financial instruments, and are not exposed to market risk for changes in interest rates. The Group and the Company do not use derivative financial instruments to hedge their exposure in the fluctuations of interest rate.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

Equity price risk arises from equity investments held for investments at fair value through profit or loss. The management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board.

Sensitivity analysis - Equity price risk

The Group's and Company's equity investments held for investments at fair value through profit or loss relate to investment in an equity instrument that is listed on the Hong Kong Stock Exchange.

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)

Market risk (Continued)Other market price risk (Continued)*Sensitivity analysis - Equity price risk (Continued)*

A 5% increase in the share price of the equity instrument as at 31 December would have increased the profit before tax of the Group and reduced the net loss of the Company by RMB48,000 (2023: RMB46,000). An equal change in the opposite direction would have decreased the profit before tax of the Group and increased the net loss of the Company by RMB48,000 (2023: RMB46,000). This analysis assumes that all other variables, in particular exchange rates, remain constant.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Company's management operates a centralised cash and treasury function and monitors the cashflow position of the Company and its entities within the Group and deploys its available cash amongst these entities to continue its operations and meet its financial obligations as and when they fall due. There is no implication to the Group which reported net current assets of RMB96.3 million as at 31 December 2024 (2023: RMB111.4 million).

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount RMB'000	Contractual cash flows			
		Total	Less than 1 year	2 to 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
2024					
<u>Non-derivative financial liabilities</u>					
Lease liabilities	39,904	47,207	7,411	38,064	1,732
Trade payables	34,347	34,347	34,347	-	-
Other payables	43,046	43,046	43,046	-	-
Provision for guarantee	3,152	3,152	3,152	-	-
	120,449	127,752	87,956	38,064	1,732
2023					
<u>Non-derivative financial liabilities</u>					
Lease liabilities	29,456	37,175	3,565	22,134	11,476
Trade payables	37,327	37,327	37,327	-	-
Other payables	54,771	54,771	54,771	-	-
Provision for guarantee	2,600	2,600	2,600	-	-
	124,154	131,873	98,263	22,134	11,476

Notes to the Financial Statements

26. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

	Carrying amount RMB'000	Contractual cash flows		
		Total RMB'000	Less than 1 year RMB'000	2 to 5 years RMB'000
<u>Company</u>				
<u>2024</u>				
<u>Non-derivative financial liabilities</u>				
Lease liabilities	536	571	192	379
Other payables	20,014	20,014	2,505	17,509
	20,550	20,585	2,697	17,888
<u>2023</u>				
<u>Non-derivative financial liabilities</u>				
Lease liabilities	345	359	192	167
Other payables	15,950	15,950	3,860	12,090
	16,295	16,309	4,052	12,257

The Company is dependent on its subsidiary to meet its operating needs. Pursuant to the completion of the capital reduction exercise of the Company, the Company entered into a loan facility agreement with Ranken Holding Co., Ltd ("Ranken HK") with effect from 1 April 2023. The loan extended by Ranken HK as at 31 December 2024 (Note 21) is non-interest bearing and is repayable on 1 January 2026.

27. Fair values of assets and liabilities

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value due to their short-term nature and immaterial effect of discounting.

27. Fair values of assets and liabilities (Continued)

Accounting classifications and fair values (Continued)

		Carrying amount				Fair value			
	Note	Mandatorily at FVPL – equity instruments RMB'000	Financial assets at amortised cost RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<u>Group</u>									
<u>2024</u>									
Financial assets measured at fair value									
Quoted equity investments – mandatorily at FVPL	13	957	-	-	957	957	-	-	957
Financial assets not measured at fair value									
Trade receivables	15	-	53,162	-	53,162				
Other receivables	16	-	49,791	-	49,791				
Cash and bank balances	17	-	61,802	-	61,802				
		-	164,755	-	164,755				
Financial liabilities not measured at fair value									
Trade payables	20	-	-	34,347	34,347				
Other payables	21	-	-	43,046	43,046				
Provision for guarantee	22	-	-	3,152	3,152	-	-	3,152	3,152
		-	-	80,545	80,545	-	-	3,152	3,152

27. Fair values of assets and liabilities (Continued)

Accounting classifications and fair values (Continued)

		Carrying amount				Fair value			
	<u>Note</u>	Mandatorily at FVPL – equity <u>instruments</u> RMB'000	Financial assets at amortised <u>cost</u> RMB'000	Financial liabilities at amortised <u>cost</u> RMB'000	<u>Total</u> RMB'000	<u>Level 1</u> RMB'000	<u>Level 2</u> RMB'000	<u>Level 3</u> RMB'000	<u>Total</u> RMB'000
<u>Group</u>									
<u>2023</u>									
Financial assets measured at fair value									
Quoted equity investments – mandatorily at FVPL	13	925	-	-	925	925	-	-	925
Financial assets not measured at fair value									
Trade receivables	15	-	45,194	-	45,194				
Other receivables	16	-	48,330	-	48,330				
Cash and bank balances	17	-	87,389	-	87,389				
		-	180,913	-	180,913				
Financial liabilities not measured at fair value									
Trade payables	20	-	-	37,327	37,327				
Other payables	21	-	-	54,771	54,771				
Provision for guarantee	22	-	-	2,600	2,600	-	-	2,600	2,600
		-	-	94,698	94,698	-	-	2,600	2,600

27. Fair values of assets and liabilities (Continued)

Accounting classifications and fair values (Continued)

		Carrying amount				Fair value			
	Note	Mandatorily at FVPL – equity instruments RMB'000	Financial assets at amortised cost RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Company									
2024									
Financial assets measured at fair value									
Equity investments – mandatorily at FVPL	13	957	-	-	957	957	-	-	957
Financial assets not measured at fair value									
Other receivables	16	-	277	-	277				
Cash and bank balances	17	-	242	-	242				
		-	519	-	519				
Financial liabilities not measured at fair value									
Other payables	21	-	-	20,014	20,014				
		-	-	20,014	20,014				

27. Fair values of assets and liabilities (Continued)

Accounting classifications and fair values (Continued)

		Carrying amount				Fair value			
	<u>Note</u>	<u>Mandatorily at FVPL – equity instruments</u> RMB'000	<u>Financial assets at amortised cost</u> RMB'000	<u>Financial liabilities at amortised cost</u> RMB'000	<u>Total</u> RMB'000	<u>Level 1</u> RMB'000	<u>Level 2</u> RMB'000	<u>Level 3</u> RMB'000	<u>Total</u> RMB'000
<u>Company</u>									
<u>2023</u>									
<i>Financial assets measured at fair value</i>									
Equity investments – mandatorily at FVPL	13	925	-	-	925	925	-	-	925
<i>Financial assets not measured at fair value</i>									
Other receivables	16	-	250	-	250				
Cash and bank balances	17	-	173	-	173				
		-	423	-	423				
<i>Financial liabilities not measured at fair value</i>									
Other payables	21	-	-	15,950	15,950				
		-	-	15,950	15,950				

Notes to the Financial Statements

27. Fair values of assets and liabilities (Continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Transfers between Levels 1 and 2

For the financial years ended 31 December 2024 and 2023, there were no transfers of financial instruments between Levels 1 and 2.

Financial assets and financial liabilities whose carrying amounts are measured on an amortised basis approximate their fair value due to their short-term nature and immaterial effects of discounting.

28. Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital management of the Group is monitored by the management on an ongoing basis. The Group is not subject to externally imposed capital requirements for the financial year ended 31 December 2024 and 2023 except for the Group and the Company are subject to the rules and regulations of the foreign exchange control promulgated by the PRC government for conversion of RMB into foreign currencies.

Statistics of Shareholdings

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2025

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1,216	16.36	48,853	0.01
100 – 1,000	1,842	24.78	848,321	0.21
1,001 – 10,000	3,249	43.70	12,633,321	3.10
10,001 – 1,000,000	1,102	14.82	64,825,451	15.90
1,000,001 AND ABOVE	25	0.34	329,233,956	80.78
TOTAL	7,540	100.00	407,589,893	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2025

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	OCBC SECURITIES PRIVATE LTD	178,345,727	43.76
2	UOB KAY HIAN PTE LTD	81,134,634	19.91
3	ENG KOON HOCK	8,632,111	2.12
4	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	7,716,310	1.89
5	SICHUAN SHUNTONG MINE INDUSTRY GROUP LTD	6,051,388	1.48
6	PHILLIP SECURITIES PTE LTD	5,266,943	1.29
7	RAFFLES NOMINEES (PTE) LIMITED	5,187,212	1.03
8	DBS NOMINEES PTE LTD	4,190,223	0.94
9	LOKE GIM TAY	3,814,903	0.86
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,509,900	0.83
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,393,020	0.79
12	OCBC NOMINEES SINGAPORE PTE LTD	3,228,066	0.69
13	MAYBANK SECURITIES PTE. LTD.	2,817,065	0.62
14	SHIU TAI WAI	2,400,000	0.59
15	SIM TOCK MANG	2,000,000	0.49
16	HSBC (SINGAPORE) NOMINEES PTE LTD	1,958,333	0.48
17	ZHANG ZHIHU	1,951,400	0.48
18	DENNIS OH TIONG JEE	1,900,000	0.47
19	DBSN SERVICES PTE LTD	1,562,466	0.38
20	NIPPON PAINT (H.K.) COMPANY LIMITED	1,486,700	0.36
	TOTAL	323,875,389	79.46

Statistics of Shareholdings

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Best Feast Limited	171,495,264	42.08	–	–	171,495,264	42.08
Cheng Du Wu Xing Ke Trading ⁽¹⁾	–	–	171,495,264	42.08	171,495,264	42.08
Ms Wang Heng ⁽²⁾	625,000	0.15	171,495,264	42.08	172,120,264	42.23
Ou Rui Limited	71,759,357	17.61	–	–	71,759,357	17.61
Mr Li Xiaobo ⁽³⁾	–	–	71,759,357	17.61	71,759,357	17.61

Notes:

- (1) Cheng Du Wu Xing Ke Trading Limited is deemed to be interested in the Shares held by Best Feast Limited by virtue of Section 7 of the Companies Act 1967 (the "Act").
- (2) Based on her direct interests in Cheng Du Wu Xing Ke Trading Limited, Ms Wang Heng is deemed interested in the Shares held by Best Feast Limited, a wholly-owned subsidiary of Cheng Du Wu Xing Ke Trading Limited by virtue of Section 7 of the Act.
- (3) Mr Li Xiaobo holds 100% of the issued and paid up share capital of Ou Rui Limited and is deemed to be interested in the Shares held by Ou Rui Limited by virtue of Section 7 of the Act.

Shareholdings Held in Hand of Public

Based on information available to the Company as at 18 March 2025 approximately 40% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

The Company did not hold any treasury shares as at 18 March 2025.

The Company does not have any subsidiary holdings as at 18 March 2025

SAPPHIRE CORPORATION LIMITED

盛世企业有限公司

(Incorporated in the Republic of Singapore)
(Company Registration Number 198502465W)
(the “Company”)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Ninth Annual General Meeting of **SAPPHIRE CORPORATION LIMITED** (the “Company”) will be convened and held at 135 Cecil Street, #07-01, Singapore 069536 on Tuesday, 29 April 2025 at 10.00 a.m. (Singapore Time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the year ended 31 December 2024 together with the Reports of the Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$120,000 for the financial year ending 31 December 2025 to be paid in cash and/or shares (2024: S\$195,000). **(Resolution 2)**
3. To approve the following re-election of Directors:
 - (a) To re-elect Ms Wang Heng who retires pursuant to Regulation 89 of the Company’s Constitution and who, being eligible, offers herself for re-election.
[See Explanatory Note (i)] **(Resolution 3)**
 - (b) To re-elect Mr Tay Eng Kiat, Jackson who retires pursuant to Regulation 89 of the Company’s Constitution and who, being eligible, offers himself for re-election.
[See Explanatory Note (ii)] **(Resolution 4)**
 - (c) To re-elect Mr Teh Wing Kwan who retires pursuant to Regulation 88 of the Company’s Constitution and who, being eligible, offers himself for re-election.
[See Explanatory Note (iii)] **(Resolution 5)**
4. To re-appoint Forvis Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to allot and issue shares in the capital of the Company – Share Issue Mandate

“That, pursuant to Section 161 of the Companies Act 1967 (the “Act”) and Rule 806 of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:

 - (A)
 - (i) allot and issue shares in the capital of the Company (the “Shares”) (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require the Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

 - (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

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provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."

[See Explanatory Note (iv)]

(Resolution 7)

7. Authority to grant awards and issue shares under the Sapphire Share Award Scheme

"That in accordance with the provisions of the Sapphire Share Awards Scheme (the "**Scheme**") and pursuant to Section 161 of the Companies Act 1967 of Singapore, the Directors of the Company be and are hereby authorised to grant share awards ("**Awards**") in accordance with the provisions of the Scheme and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of Awards under the Scheme, provided that the aggregate number of Shares available under the Scheme, when added to all Shares, options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time."

[See Explanatory Note (v)]

(Resolution 8)

By Order of the Board
Sapphire Corporation Limited

Wang Heng
Chief Executive Officer and Executive Director
14 April 2025

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Explanatory Notes:-

- (i) Further to the re-election of Ms Wang Heng pursuant to Ordinary Resolution 3, she will continue to serve as the Executive Director, Chief Executive Officer and a member of the Nominating Committee of the Company.
- (ii) Further to the re-election of Mr Tay Eng Kiat Jackson pursuant to Ordinary Resolution 4, he will continue to serve as the Chairman of the Nominating Committee, and a member of the Audit and Risk Committee and Remuneration Committee of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST, as well as Section 201(B)(2) of the Companies Act 1967 ("CA").
- (iii) Further to the re-election of Mr Teh Wing Kwan pursuant to Ordinary Resolution 5, he will continue to serve as the Lead Independent Director of the Company, Chairman of the Audit and Risk Committee, and a member of the Nominating Committee and Remuneration Committee of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST as well as Section 201(B)(2) of the CA.
- (iv) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 7 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (v) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company to grant Awards pursuant to the Scheme and to allot and issue shares pursuant to the vesting of the Awards under the Scheme. The Scheme was approved by the shareholders of the Company in the annual general meeting of the Company on 26 April 2018.

Important Notes to Shareholders on arrangements for the Annual General Meeting:

1. The Annual General Meeting ("AGM" or "Meeting") will be held physically at 135 Cecil Street, #07-01, Singapore 069536 on **Tuesday, 29 April 2025 at 10.00 a.m. (Singapore Time)** for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in this Notice of AGM. **There will be no option for members to participate virtually at the AGM.**
 2. Printed copies of this Notice of AGM, the Proxy Form, and the Request Form for the Annual Report for the financial year ended 31 December 2024 (the "**FY2024 Annual Report**") will be sent to Shareholders. This Notice of AGM, the Proxy Form and the FY2024 Annual Report may be accessed at the Company's website at the URL <https://www.sapphirecorp.com.sg>. This Notice of AGM, the Proxy Form and the FY2024 Annual Report are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
 3. Arrangements relating to submission of comments, queries and/or questions to the Chairman of the AGM in advance of and at the AGM of the Company, addressing of substantial and relevant comments, queries and/or questions at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms and during the AGM, and voting physically or appointing proxy(ies) (including the Chairman of the AGM) to vote at the AGM of the Company, are set out in this Notice of AGM.
 4. **There will be no option for Shareholders to participate virtually at the AGM. A Shareholder (whether individual or corporate) must vote live at the AGM or appoint proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form may be accessed at the Company's website at the URL <https://www.sapphirecorp.com.sg> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her discretion.
 5. A Shareholder:
 - (a) who is not a Relevant Intermediary may appoint not more than two proxies to attend, speak and vote at the AGM. Where such Shareholder's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) who is a Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Shareholder's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- "Relevant Intermediary" shall have the same meaning ascribed to it in Section 181 of the CA.
6. CPF/SRS investors:
 - (a) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by **10.00 a.m. (Singapore Time) on Wednesday, 16 April 2025** (that is, at least seven (7) working days before the date of the AGM).

Sapphire Corporation Limited I Annual Report 2024

Notice of Annual General Meeting Proxy Form

7. Shareholders of the Company may submit comment, queries and/or questions relating to the Ordinary Resolutions tabled for approval at the AGM in advance of the AGM, together with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport/Company Registration Number), shareholding type (e.g. CDP/CPF/SRS/Script-based), email address and contact number to enable the Company (or its agents or service providers) to authenticate their status as Shareholders of the Company, in the following manner:
- (a) by email to the Company at ir@sapphirecorp.com.sg; or
 - (b) by post to the Company's registered office at 1 Robinson Road #17-00 AIA Tower Singapore 048542,
- in either case, by **10.00 a.m. (Singapore Time) Monday, 21 April 2025**.
8. Shareholders or (where applicable) their duly appointed proxy(ies) and representatives will also be able to raise questions at the AGM of the Company itself.
9. The Company will endeavour to address all substantial and relevant comments, queries and/or questions received from Shareholders before the AGM. The Company will publish its responses to comments, queries and/or questions on the Company's website at the URL <https://www.sapphirecorp.com.sg> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> by **10.00 a.m. (Singapore Time) on Thursday, 24 April 2025** (that is, at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms).
10. Duly appointed proxy(ies), including the Chairman of the Meeting acting as proxy, need not be a Shareholder of the Company.
11. The Proxy Form must be submitted to the Company in the following manner:
- (a) if submitted by post, be deposited at the Company's address at 3 Shenton Way, Shenton House, #25-05, Singapore 068805; or
 - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at ir@sapphirecorp.com.sg.
- in either case, by **10.00 a.m. (Singapore Time) on Saturday, 26 April 2025**, being at least **72 hours** before the time fixed for holding the AGM of the Company and/or any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
12. A Depositor's name must appear on the Depository Register as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend, speak and vote at the AGM.
13. The Company will publish the minutes of the AGM on the Company's website at the URL <https://www.sapphirecorp.com.sg> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> within one month after the date of the AGM.

PERSONAL DATA PRIVACY

By submitting the Proxy Form appointing a proxy(ies) (including the Chairman of the AGM) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for any of the Purposes.

SAPPHIRE CORPORATION LIMITED

盛世企业有限公司

Company Registration No. 198502465W

PROXY FORM

(Please see notes overleaf
before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened, and will be held, physically at 135 Cecil Street, #07-01, Singapore 069536 on Tuesday, 29 April 2025 at 10.00 a.m. (Singapore Time). There will be no option for Shareholders to participate virtually.
2. Pursuant to Section 181(1C) of the Companies Act, Relevant Intermediaries (as defined in the Companies Act) may appoint more than 2 proxies to attend, speak and vote at the AGM.
3. CPF/SRS investors:
 - (a) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 10.00 a.m. (Singapore Time) on Wednesday, 16 April 2025 (that is, at least seven (7) working days before the date of the AGM).
4. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by CPF Investors and SRS Investors.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2025.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies) (including the Chairman of the AGM) to attend, speak and vote on his/her/its behalf at the AGM.**

I/We, _____ (name) _____ (NRIC/Passport/Company Registration Number*) of _____ (address)

being a member/members* of **Sapphire Corporation Limited** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the AGM as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM to be held at 135 Cecil Street, #07-01, Singapore 069536 on Tuesday, 29 April 2025 at 10.00 a.m. (Singapore Time) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. **In absence of specific instructions as to voting, or abstentions from voting, in respect of a resolution, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.**

No.	Ordinary Resolutions relating to:	Number of Votes For [#]	Number of Votes Against [#]	Number of Votes Abstain [#]
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Reports of the Auditors thereon.			
2.	To approve the payment of Directors' fees of S\$120,000 for the financial year ending 31 December 2025 to be paid in cash and/or shares			
3.	To re-elect Ms Wang Heng as Director of the Company			
4.	To re-elect Mr Tay Eng Kiat Jackson as Director of the Company			
5.	To re-elect Mr Teh Wing Kwan as Director of the Company			
6.	To re-appoint Forvis Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
7.	To approve to the Directors to allot and issue shares in the capital of the Company – Share Issue Mandate			
8.	To approve the authority for Directors to grant awards and issue shares under the Sapphire Share Award Scheme			

* Delete as appropriate.

[#] If you wish to exercise all your votes "For" or "Against" a resolution, please tick within the box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you tick in the abstain box for a resolution, you are directing your proxy not to vote on that resolution. Alternatively, please indicate the number of shares that your proxy(ies) (including the Chairman of the AGM), is directed to abstain from voting in the "Abstain" box in respect of that resolution.

Dated this _____ day of _____ 2025

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Printed copies of the Notice of AGM, this Proxy Form and the Request Form for the Annual Report for the financial year ended 31 December 2024 (the “**FY2024 Annual Report**”) will be sent to Shareholders. The Notice of AGM, this Proxy Form and the FY2024 Annual Report may be accessed at the Company’s website at the URL <https://www.sapphirecorp.com.sg>. The Notice of AGM, this Proxy Form and the FY2024 Annual Report are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to submission of comments, queries and/or questions to the Chairman of the AGM in advance of and at the AGM of the Company, addressing of substantial and relevant comments, queries and/or questions at least 48 hours prior to the closing date and time for the lodgement of this Proxy Form and during the AGM, and voting physically or appointing proxy(ies) (including the Chairman of the AGM) to vote at the AGM of the Company, are set out in the Notice of AGM.
3. **There will be no option for Shareholders to participate virtually at the AGM. A Shareholder (whether individual or corporate) must vote live at the AGM or appoint proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on this Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** This Proxy Form may be accessed at the Company’s website at the URL <https://www.sapphirecorp.com.sg> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her discretion.
4. A Shareholder:
 - (a) who is not a Relevant Intermediary may appoint not more than two proxies to attend, speak and vote at the AGM. Where such Shareholder’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) who is a Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Shareholder’s form of proxy appoints more than one proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.

“**Relevant Intermediary**” shall have the same meaning ascribed to it in Section 181 of the Companies Act 1967.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 815F of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
6. CPF/SRS investors:
 - (a) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by **10.00 a.m. (Singapore Time) on Wednesday, 16 April 2025** (that is, at least seven (7) working days before the date of the AGM).
7. Duly appointed proxy(ies), including the Chairman of the Meeting acting as proxy, need not be a Shareholder of the Company.
8. This Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the Company’s address at Company’s address at 3 Shenton Way, Shenton House, #25-05, Singapore 068805; or
 - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at ir@sapphirecorp.com.sg.

in either case, by **10.00 a.m. (Singapore Time) on Saturday, 26 April 2025**, being at least **72 hours** before the time fixed for holding the AGM of the Company and/or any adjournment thereof. A Shareholder who wishes to submit this Proxy Form must first complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Form by way of electronic means via email.**
9. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
10. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
11. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
12. Any amendments or modifications made in a Proxy Form must be initialled by the person who signs this Proxy Form.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing a proxy(ies) (including the Chairman of the AGM) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (b) warrants that where the Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder’s breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents or service providers) for any of the Purposes.

CORPORATE INFORMATION

Board of Directors

Mr Cheung Wai Suen (Executive Chairman)
Ms Wang Heng (Chief Executive Officer and Executive Director)
Mr Teh Wing Kwan (Lead Independent Non-Executive Director)
Mr Tay Eng Kiat Jackson (Independent Non-Executive Director)
Professor Zhang Weiguo (Independent Non-Executive Director)

Audit and Risk Committee

Mr Teh Wing Kwan (Chairman)
Mr Tay Eng Kiat Jackson
Professor Zhang Weiguo

Nominating Committee

Mr Tay Eng Kiat Jackson (Chairman)
Ms Wang Heng
Mr Teh Wing Kwan
Professor Zhang Weiguo

Remuneration Committee

Professor Zhang Weiguo (Chairman)
Mr Teh Wing Kwan
Mr Tay Eng Kiat Jackson

Group Financial Controller

Mr Koh Yee Kiat Royston

Company Secretary

Gn Jong Yuh Gwendolyn

Registered Office

1 Robinson Road
#17-00, AIA Tower
Singapore 048542
Tel: 6535 1944
Fax: 6535 8577

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
9 Raffles Place
Republic Plaza Tower 1 #26-01
Singapore 048619

Auditor

Forvis Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street
#10-01 Philippines Airlines Building
Singapore 069536

(Partner-in-charge: Mr Zhang Liang)
(Appointed from the financial year ended 31 December 2024)



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#25-05 Shenton House

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